



DAILY REPORT

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Vol I No 122

25 June 1986

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FOREIGN MINISTRY WEEKLY BRIEFING HAILS DPRK PROPOSAL

OW250738 Beijing XINHUA in English 0728 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- The Korean Government June 23rd statement proposing the establishment of a nuclear-free peace zone on the Korean peninsula is "in the fundamental interest of the whole Korean people".

This statement was made by a Foreign Ministry spokesman at the weekly news briefing here this afternoon. The spokesman said that the Korean Government statement "demonstrates the sincere aspiration of the Korean people for relaxing the tension on the Korean peninsula and bringing about lasting peace there."

He said, "We have always maintained that the United States should withdraw all its troops stationed there and its military equipment including nuclear weapons from South Korea." "We hope that the U.S. Government and the South Korean authorities will give serious consideration to the peaceful initiative by the Korean Government so as to ease the tension on the Korean peninsula," he added.

NEW INTERNATIONAL RELATIONSHIPS EXAMINED

HK240301 Shanghai SHIJIE JINGJI DAobao in Chinese 2 Jun 86 p 6

[Article by Feng Shaolei: "World Peace Will Be Maintained in a New International Pattern"]

[Text] Two eye-catching items of information from the CPSU 27th National Congress have shown that a new pattern has emerged in world politics, which is different from the bipolar system during the cold war period of the 1940's and the 1950's as well as the multi-pole system in the period of detente between the 1960's and 1970's. It is a new international bipolar system with overlapping, intersecting mutual effects and restrictions of multiple poles. [end abstract]

The 27th CPSU National Congress was convened in an atmosphere in which the Soviet Union was ready to implement "thorough reform" at home, and at the same time, under the new international pattern formed since the 1980's, in which the Soviet Union was to initiate important planning for its foreign policy strategy. Several things were rather eye-catching during the session of the 27th CPSU National Congress. One was the portion on foreign relations in Gorbachev's political report submitted to the 27th CPSU National Congress, in which the greatest part was devoted to U.S.-Soviet relations. Unlike the political reports delivered at CPSU National Congresses by his predecessors, Gorbachev's political report did not list all Soviet policies regarding every region in the world, with only a few exceptions. The concrete discussion on the U.S.-Soviet relations and the brief generalization of its relations with other regions in the world was a sharp contrast. Therefore, Western observers believe that this arrangement shows that the Soviet Union will focus its attention all the more on the relations between the superpowers.

The second items was that in the final election of the CPSU Central Committee Secretariat, A.P. Dobrynin was elected secretary of the CPSU Central Committee Secretariat.

Dobrynin has been USSR Ambassador to the United States for as long as 25 years, and he has dealt with many U.S. presidents and secretaries of state between the Eisenhower and Reagan administrations. The significance of promoting Dobrynin lies not only in stressing U.S.-Soviet relations, but possibly the prolonged significance of promoting U.S.-Soviet talks.

Thus, we can see whether by the programmatic discussion on foreign policy in the political report or the appointment of some key figure in its personnel, it has demonstrated that Gorbachev has proposed a strategic principle with U.S.-Soviet relations as the focus of the entire Soviet foreign relations. Does this show signs of a new international pattern in the 1980's characteristic of a retreat from a multiple pole system to a bipolar system as in the 1960's and 1970's? In order to explore this question, it is necessary to undertake some retrospection and analysis on the U.S.-Soviet rivalry in the international pattern since the 1980's

Reaffirming U.S. Global Interests

There are two characteristics in the U.S.-Soviet rivalry since the 1980's. One is the tension in the U.S.-Soviet rivalry which has surpassed any period since detente. Some people in the Soviet Union as well as in the West believe that the tension in the situation in the first few years of 1980 exceeded the cold war years between the late 1940's and the early 1950's

In order to deal with the pressing Soviet global offensive of the latter half of the 1970's, the Reagan administration made all-round readjustment of its foreign policy with the slogan of "rejuvenating the United States and reestablishing U.S. prestige", as soon as it got rid of its serious economic crisis in the first 2 years of the 1980's. Reagan has gone along with the rising tide of conservative forces at home, returning to the concept of a "bipolar" world, while giving up the "five pole" concept of Nixon's times. In U.S. foreign policy, the Reagan administration has stressed antagonism against the Soviet Union as the key, and changed the trend of Carter's times which attached importance to the North-South rather than the East-West relations. In the arms race, the Reagan administration is no longer satisfied with just recovering and maintaining a "balance in power," but explicitly seeks "superiority," and is attempting to overcome the Soviet Union with its "star wars" initiative nuclear arms drive. In economic relations, Reagan does not simply rely on the "network of interests" to induce an evolution inside the Soviet Union, but attaches attention to such things as the arms and "sanctions," in an attempt to defeat the Soviet Union economically. In politics, it is no longer satisfied with containing the Soviet Union in its existing spheres of influence, but openly asserts that the United States, "will by no means acknowledge the legalization of the status quo of Europe and its being severed." In all hot-spot areas, the United States has sent its troops for direct intervention, but does not tolerate Soviet intervention, and openly proclaims that U.S. interests are global, asserting that the United States will consolidate, return to, and seize back every important strategic place in the world. The U.S. attack on Libya in April this year has served as an obvious sign of such intentions.

Despite the fact that the Soviet Union has witnessed a drastic fall in its economy in consecutive years since the 1980's, while internationally it has had to face the Afghan and Polish issues, the Soviet leaders have repeatedly made explicit that the Soviet Union would never allow the United States to acquire military superiority, even if it means the Soviet Union tightening its belt.

Therefore, when the United States deployed the Pershing I missiles and cruise missiles successively in the United Kingdom, Italy and the FRG on schedule, the Soviet Union immediately increased longer-range intermediate-range tactical missiles in its homeland, as well as the GDR and Czechoslovakia. When the United States sent its aircraft carrier for an exercise in the area of a Soviet Far East military base, the Soviet Union sent its submarines for the first time cruising in the waters of the east coast of the United States. In space weaponry, the United States succeeded in testing its air-launched anti-satellite missiles and ground based ballistic missiles in 1984, and the Soviet Union scored new successes in its manned Skylab project. The tension of the U.S.-Soviet confrontation reached a new height in 1983 and 1984 since detente in the late 1960's.

The Formation of a New Pattern in the 1980's

Second, in the U.S.-Soviet competition since the 1980's the trend of mutual confrontation in the form of alliances have reappeared.

As a result of its weakening status in the world in the decade between the late 1960's and the late 1970's, the U.S. Government relaxed its relations with its alliances, and developed partnerships in order to reduce the responsibility of U.S. leadership in achieving a strategic contraction. A decade later, when Reagan came into power, the United States once again stressed its "leading" role in the West, as well as the role of military alliance in the confrontation with the Soviet Union, while doing its best to keep its alliance and all other forces on the track of U.S.-Soviet rivalry. As the conservatives have come into power in the major West European countries since the 1980's, some left-wing leaders have also turned right; and they have moved closer to the United States on the Western collective defense issue. Since Reagan's "star wars" initiative was made public, the United Kingdom, West Germany, France and Japan have successively expressed their wish to participate in the project, even when disputes in their own countries remain. Therefore, the momentum of the West in uniting to contend with the Soviet Union has reached an unprecedented height since the detente of the late 1960's.

Meanwhile, the 10 CEMA nations Science and Technology Progress Program Before the year 2000, with Gorbachev's promotion, came into being in late 1985. The emergence of this so-called "Eureka Project" of the East has in essence reflected the efforts of the Soviet Union, Eastern Europe, and other CEMA nations in stepping up their plan for unification, and their aim to unfold the manifold competition with West in military affairs, economy, science and technology. In this sense, the Soviet Union and other CEMA nations are unprecedently bound to the same chariot.

The emergence of the above-mentioned new situation has in essence indicated that the development of the international pattern in the 1980's, has changed from multi-polarization, which has been the trend since detente, to the development of a reversal of the poles. This is different from the two pole system in the period of detente between the 1960's and the 1970's. It is a new international bipolar pattern with overlapping intersecting mutual effects and restrictions of the multiple poles.

Worthy of our pondering is the question of why history has not simply repeated, in the 1980's, the situation of the unitary bipolar confrontation during the cold war period, but brought about the emergence of a new complex two poles of a multi-pole structure. That is because the anti-hegemony and peace forces developed in the 1970's would inevitably push forward the momentum of the multiple poles as a means to contend with the two hegemonies.

Therefore, the international situation since the 1980's, can only be result in multi-pole development against the background of the confrontation and rivalry of the two hegemonies under the restriction of pluralism.

The Peace Forces Transcending Ideologies

How do the world's peace forces push forward the momentum of the multiple poles in restricting the rivalry between the two hegemonies? Primarily, a developing trend, transcending ideologies and group boundaries, has emerged in the world's social antihegemony peace forces.

Europe is the region where the confrontation of the two hegemonies is tensest, and the ideological conflict the severest. The development of the peace forces transcending ideologies, push forward the East-West detentes of the 1970's. The trend of developing international relations transcending ideology and group boundaries has reached a new level both in depth and breadth since the beginning of the 1980's. In a background in which the United States has given up detente and pursued a new policy of containment against the Soviet Union since the 1980's, West European countries have done their best to urge the U.S.-Soviet to talk about an accord on disarmament, so that Europe may realize a "low-level balance of power." They advocate the West continuing its economic and trade relations with the Soviet Union and Eastern Europe, while the West gets real benefits. At the same time, they have proposed holding bilateral negotiations to solve the conflicts in such hot spot areas as the Middle East with the participation of the Soviet Union. Of late, some people even proposed implementing a "second policy for the East," in order to push forward detente between Eastern and Western Europe.

At the same time, an unprecedented trend of Eastern Europe demanding closer relations with West European countries has emerged since the 1980's under the situation in which the Soviet Union has strengthened its alliances in its confrontation with the United States. In order to realize the exchange of visits between the heads of the GDR and the FRG, and GDR had an open dispute with the Soviet Union in spring 1984. The U.S.-Soviet confrontation has almost developed the momentum of the cold war years over the past 2 or 3 years. However, the frequency of the mutual visits between government heads of East and West European countries has been unprecedented since the end of World War II. The heads of States of premiers of the United Kingdom, West Germany, Italy, Belgium and the United States have consecutively visited Hungary, while Kadar's tour of Western Europe was the talk of the town in Europe for a time. Despite the fact that Honecker failed to make his trip to the FRG, exchange visits between the GDR and Finland, Sweden, Greece, and Italy were carried out. Besides, Yugoslavia, Romania, Bulgaria and Poland have also begun active diplomatic activities with West European countries. This has fully demonstrated that small and medium European countries are doing their best to push forward East-West talks, and that their aim is to safeguard European security and stability.

Besides, the role of the Third World countries as the principle force in the struggle for world peace has been continuously strengthened. Today, where there is crisis in the world, where there is a hot spot, there are Third World countries going there in a liaison and mediation role. In order to conclude the turbulent situation in Central and South America, the Contadora Group has in recent years proposed that "a Latin American solution should be adopted in pursuing a course to solve the conflicts in Central and South America." The ASEAN countries have made unremitting efforts to ease the tense situation in Southeast Asia. Arabian countries such as Egypt are adopting measures to seek new united action in solving the Middle East issue.

Summing up, we can see that the bipolar, multi-pole pattern is likely to exist for a considerably long period on the condition that the U.S.-Soviet balance of strength remains intact. The U.S.-Soviet confrontation may be further impeded, and world peace may possibly maintained for a comparably long period because of manifold restrictions and limits on their military power. This conclusion is the real significance in the analysis and comparison of the bipolar-multi-pole international system.

SOCIALIST INTERNATIONAL ADOPTS RESOLUTIONS

OW241634 Beijing XINHUA in English 1458 GMT 24 Jun 86

[Text] Lima, June 23 (XINHUA) -- The 17th Congress of the Socialist International ended here today after adopting resolutions calling for more international aid to the developing countries, a halt to the arms race in outer space and an end to the U.S. intervention in Central America.

One resolution, called the "Lima Declaration", said that most of the external debts of the poor countries, especially the drought-stricken African countries, should be exempted and payment of remainder of the debts should be postponed for 30 years. The resolution also said that the payment of a debt by a developing country should be no more than 20 percent of its income from exports. The document called for maintaining the bank interest rates at a level acceptable to the developing countries, offering these countries more access to the markets of the developed countries and the stabilization of the prices of raw materials.

The economic policy committee of the Socialist International also proposed setting up of an international organization to call conferences between creditors and debtors in order to solve the debt issue.

On the disarmament issue, the "Lima Declaration" urged the superpowers to carry out their promises of reducing their nuclear arsenals by 50 percent and demanded that they stop developing either ground or outer space based anti-missile and anti-satellite systems. The declaration also opposed the improvement and deployment of chemical weapons.

Another resolution passed by the four-day congress criticized the U.S. Government for imposing economic sanctions against Nicaragua and offering military aid to Nicaraguan rebels and charged that the U.S. policies are creating instability in the region. The resolution also called for an end to military exercises in Central America, the withdrawal of foreign military advisors from the region and the signing of a regional peace treaty. It added that the Nicaraguan Government should carry out its promise of nonalignment, pluralized ideology and mixed economy.

Willy Brandt, chairman of the Federal German Social Democratic Party and the country's former chancellor, was reelected as chairman of the Socialist International.

WORLD BANK TO AID PRC'S RURAL HEALTH PROJECT

OW240932 Beijing XINHUA in English 0637 GMT 24 Jun 86

[Text] Washington, June 23 (XINHUA) -- The World Bank and its affiliate, the International Development Association (IDA), will help China improve health services to some 300 million farmers in five provinces, according to a World Bank news release today.

Health services will be expanded and improved in 50 rural counties in five provinces -- Gansu, Hubei, Jilin, Sichuan and Ningxia Hui Autonomous Region. Funds will be provided to strengthen the monitoring and control of diseases, to upgrade immunization efforts, and to improve the management of epidemic prevention stations.

Three national centers will be built and rehabilitated to produce vaccines that meet international standards. The Chinese Ministry of Public Health will be assisted in monitoring the quality and safety of domestic and imported drugs and in evaluating the contents and possible adverse effects of new drugs.

New approaches to rural health insurance will be tested and the results will form the basis of a national policy on health care financing in the rural areas. The total cost of the project will be 177.4 million U.S. dollars. A 15 million dollar World Bank loan and an IDA credit of 65 million dollars will be provided.

FOREIGN EXPERTISE ASSISTS MODERNIZATION PROGRAM

OW241013 Beijing XINHUA in English 0710 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- Foreigners have contributed to the modernization program throughout China, particularly in enterprise management and urban construction, according to an official of the China International Association for Personnel Exchange. The country first invited individual foreigners to work on basic industrial and managerial problems in 1979, under the policy of opening to the outside world. Eleven foreign experts from Japan and the Federal Republic of Germany have done consulting work on the China's development and reform plans for its automobile industry.

Their suggestions have been "valuable," the official told XINHUA today. "The foreign experts studied the situation carefully and have given our automotive people useful ideas on upgrading technology and developing new products." In addition, he said, "They've helped develop a strategy for finding the money to do these things." Foreign experts have also done consulting work on key building projects, helping cut costs and speed up construction. At the Mawei shipyard in east China's Fujian Province, two Japanese consultants suggested management reforms and technological upgrading that cut the lead time for building a 15,000-ton freighter to six months instead of three years.

China's four special economic zones, where foreign investors enjoy tax reductions and other preferential treatment, have also invited technicians and managerial staff from Hong Kong, Macao and overseas to work, the official said. The Shenzhen Zone in Guangdong Province alone has invited more than 500 such people since 1980.

REAGAN 'ENCOURAGED' BY SOVIET ARMS CONTROL PLAN

OW240747 Beijing XINHUA in English 0543 GMT 24 Jun 86

[Text] Washington June 23 (XINHUA) -- U.S. President Ronald Reagan said today he was "encouraged" by the latest Soviet arms control proposal and might be able to accept it "in principle." In an interview with the LOS ANGELES TIMES, Reagan said this was the first time that the Soviets "are proposing actual reductions (in nuclear arms) and have even announced their desire that these lead to an eventual elimination of such weapons." He said the United States is still in the process of studying the Soviet proposal.

But he added, "The principle of starting meaningful reductions of weapons and with the ultimate goal of eliminating them entirely -- yes, I agree wholeheartedly with that." The Soviet Union reportedly proposed a significant cut in the strategic nuclear weapons of the two superpowers in exchange for a U.S. agreement to abide by the 1972 Anti-Ballistic Missile Treaty for at least 15 years. The treaty bans the development, testing and deployment of space defense systems.

Asked if his Strategic Defense Initiative (SDI), known as the "star wars" program, could also be part of U.S.-Soviet Arms control negotiations generally, Reagan replied, "That's right." "We have some ideas about that (SDI) too, which we think will be forthcoming when we start responding to their latest proposal," he added.

PETROVSKIY SAYS NO PROGRESS IN DISARMAMENT TALKS

OW250132 Beijing XINHUA in English 0034 GMT 25 Jun 86

[Text] Geneva, June 24 (XINHUA) -- U.S.-Soviet negotiations on nuclear disarmament and space weapons have thus far shown "no progress", Soviet Vice-Minister of Foreign Affairs Vladimir Petrovskiy said at a press conference here today.

"We have tabled a whole series of proposals but have received no response," Petrovskiy said. Any agreement between the two sides limiting nuclear arms or calling for at least a move in that direction, Petrovskiy said, would "serve as a base" for a second Reagan-Gorbachev summit. U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev met for the first time in Geneva last November.

During the press conference the Soviet vice-minister also addressed the issue of nuclear testing saying that a treaty on the issue is of utmost priority. The Soviet Union has put a moratorium on all nuclear tests. However, the United States has yet to follow suit.

Concerning an eventual treaty on a chemical weapons ban, Petrovskiy said the recent NATO decision to continue the manufacture of such weapons "leaves serious doubts about the intentions of the other side." The security of states cannot indefinitely depend on the fear of reprisals and "neither the arms race nor a nuclear war can ever be won," Petrovskiy said.

U.S., USSR TO DISCUSS MIDEAST IN STOCKHOLM

OW201131 Beijing XINHUA in English 0714 GMT 20 Jun 86

[Text] Washington, June 19 (XINHUA) -- The United States and the Soviet Union have agreed to meet in Stockholm, Sweden, next week to exchange views at the experts level on the Middle East, the U.S. State Department said today. State Department spokesman Bernard Kalb said the U.S. team will be headed by Richard Murphy, assistant secretary of state for Near East and South Asia affairs.

"These discussions will be held within the framework of exchanges with the Soviet Union on a whole range of regional issues," said Kalb. They are a continuation of the Mideast experts discussions conducted in Vienna in February last year, he added. He said this is an exchange of views, adding, "We don't intend to negotiate any agreements, nor do we anticipate any joint U.S.-Soviet actions to emerge from this kind of discussions." The spokesman declined to say whether the peace conference proposed by the Arab countries would be one of the topics discussed at the Stockholm meeting. An exchange of views can be beneficial, he said.

HU YAOBANG COMMENTS ON USSR TIES NOTED

OW240641 Beijing in Russian to the USSR 1800 GMT 22 Jun 86

[Excerpts] Hu Yaobang, General Secretary of the CPC Central Committee, who is on a visit to Italy, told a press conference in Rome on the morning on 21 June that his present visit to Italy will further promote development of friendship and cooperation between China and Italy.

Speaking on PRC-USSR relations, Hu Yaobang said: The Chinese side hopes for a normalization of relations between both countries in the political sphere. Unfortunately, however, no significant progress [sushchestvennyy sdvig] has been achieved. The new leaders of the Soviet Union have worked out some new political directions and they hope to animate their country's economy. This is a good cause and China wishes them success. In the foreign policy area, they have also proposed a number of initiatives. We hope that they will conduct a sincere dialogue with the United States.

SINO-SOVIET FRIENDSHIP ASSOCIATIONS PLAN SIGNED

HK181457 Beijing XINHUA Hong Kong Service in Chinese 551 GMT 18 Jun 86

[Text] Moscow, 18 Jun (XINHUA) -- The 1986-1987 plan for cooperation between the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association and the USSR Association for Friendship With Foreign Countries and the Soviet-Chinese Friendship Association was signed at 1200 today in Moscow. Vice president Yang Shouzheng of the China-USSR Friendship Association, and Chairman Tikhvinskiy initialled the plan. The associations for friendship of the two countries will reciprocally send their delegation for a visit, and will hold activities marking memorial days for some important events, famous social activists, and outstanding men of letters, according to the cooperation plan. The China-USSR Friendship Association delegation headed by Yang Shouzheng arrived here for a friendly visit on 15 June.

SOONG CHING LING REMEMBERED AT MOSCOW MEETING

OW201321 Beijing in Russian to the USSR 1800 GMT 19 Jun 86

[Text] The Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the Soviet-Chinese Friendship Center in Moscow on 18 June on the occasion of the fifth anniversary of the death of honorary PRC President Soong Ching Ling. Bernov, deputy chairman of the Union of Soviet Societies for Friendship And Cultural Relations With Foreign Countries, presided over the meeting during which Tikhvinskiy, chairman of the Soviet-Chinese Friendship Society, gave a detailed account of the activities and life of Comrade Soong Ching Ling to the participants and highly praised her important contributions to the revolutionary cause of the Chinese people, the cause of peace in the entire world and the development of Soviet-Chinese relations. Korshunova, doctor of history of the Soviet union, spoke about her several meetings with Soong Ching Ling and about Soong Ching Ling's work and stay in Moscow in 1957 when she took part in the work of an international conference. Artists gave performances at the end of the meeting. Temporary charge d'affaires of the PRC Embassy to the USSR (Li Xionglin) and others attended the meeting.

USSR TO IMPROVE TRADE RELATIONS WITH WEST

OW200801 Beijing XINHUA in English 0600 GMT 20 Jun 86

[Text] Moscow, June 19 (XINHUA) -- The Soviet Union will further participate in international labor division and improve foreign trade relations, including those with Western countries, in order to realize the general principle ascribed by the 27th Congress of the Soviet Communist Party. Nikolay Ryzhkov, chairman of the Soviet Council of Ministers, made the remarks at a meeting with representatives of commerce and industry from the West and Soviet departments.

Ryzhkov said the Soviet Union's new five-year plan has provided the possibility for enlarging economic and technical cooperation with the West while demanding to "remove obstacles in international trade." He said that some Western blocs should give up the policy of exerting pressure on foreign economic relations.

The two-day meeting, which started today, is sponsored by the Soviet Chamber of Commerce and Industry and the International Chamber of Commerce. On the agenda are discussions on economy, trade, science and technology prospects between the Soviet Union and industrialized countries in the West before 1990.

TRADE, TOURISM ENLIVEN PRC-USSR BORDER TOWN

OW201417 Beijing XINHUA in English 1129 GMT 20 Jun 86

["News feature: Trade, Tourism Make Sino-Soviet Border Town Come Alive" -- XINHUA headline]

[Excerpts] Urumqi, June 20 (XINHUA) -- The boom is on for the people of Horgos, a village of 500 on the Sino-Soviet border in northwest China's Xinjiang Uygur Autonomous Region. Only three years ago so inconspicuous mapmakers seemd to pass it by without a thought, Horgos has been reborn as a boisterous way station following the reopening of its ancient pass to the Soviet Union. [sentence as received]

Heavy-duty trucks noisily lumber through its once quiet streets, shuttling back and forth to Soviet towns. They roll into China with steel, cement and machines and return stuffed with cotton, cloth, wool, fur and produce. Tourists from throughout the world prowl the village's alleys, where no foreigner walked for decades. Reopened to outsiders in November 1983, Horgos quickly became a major attraction on the ancient silk road, which linked China with Europe for a thousand years from 200 B.C.

Before the reopening, the village's only buildings were shabby bungalows with a total floor space of less than 2,000 square meters, local official's say. Now, modern buildings with 8,000 square meters of floor space house a bank, a post office, a hotel, a restaurant, a store, and customs, quarantine, transport and trade offices. A school, a clinic, a modern hotel for foreigners with an attached recreation center, a restaurant, a cinema and a dance hall are being built. To make their village more attractive, residents have planted trees to shade roads and flowers and ornamental plants to dot streets and courtyards.

Local officials say they expect the growing town to become one of the region's major trade and tourism centers. In 1985, nearly 2,000 people entered or left China to visit their relatives through Horgos. Another 10,000 tourists came to sightsee. And even more are coming this year, local officials say.

ASEAN FOREIGN MINISTERS' MEETING WRAP-UP

OW241233 Beijing XINHUA in English 1128 GMT 24 Jun 86

[Text] Manila, June 24 (XINHUA) -- The 19th foreign ministers' meeting of the Association of Southeast Asian Nations (ASEAN) concluded here this afternoon after two days' intensive discussions. During the two-day meeting, the Kampuchean issue remained a major concern among the six ASEAN member countries. The participants at the meeting said the Vietnamese occupation of Kampuchea poses an obstacle to regional peace and stability and denies freedom to the Kampuchean people.

They condemned Vietnam's intransigent attitude in rejecting the eight-point proposal offered by the Coalition Government of Democratic Kampuchea (CGDK). They considered the proposal reasonable, flexible and comprehensive and able to serve as a constructive framework for a just solution to the Kampuchean problem, especially to the ending of Hanoi's seven-year occupation Kampuchea.

In a joint communique adopted at the closing session, the ASEAN foreign ministers expressed support for the CGDK eight-point proposal. They pressed for the phased withdrawal of Vietnamese troops from Kampuchea and self-determination by the Kampuchean people, and reaffirmed their continuing support for the CGDK in their struggle to rid their country of foreign oppression and domination.

The communique also urged ASEAN countries to have closer economic cooperation among themselves.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Though ASEAN countries have grown steadily since the founding of the association 20 years ago, they are now facing difficulties in their economies due to the influence of the world economic situation.

ASEAN representatives in the deliberations called for closer regional cooperation in the economic fields, citing falling commodity prices and trade protectionism of the developed countries which they said no longer favor separate growth of individual ASEAN economy. They urged ASEAN member countries to take new initiatives to boost economic growth within ASEAN.

At the closing ceremony, the six ASEAN member countries signed two agreements, one on energy cooperation and another on petroleum security, hoping these agreements would result in the further advancement of energy-related cooperation in the ASEAN region.

The foreign ministers agreed that the third ASEAN summit would be held in Manila in the middle of 1987. The meeting also decided to hold the next ASEAN foreign ministers' meeting in Singapore in 1987.

The foreign ministers appointed Rederick Yong Ying Fatt of Brunei the next secretary general of the ASEAN Secretariat for the next three years.

The ASEAN ministerial meeting will be followed by a ministerial dialogue conference on Jun 26-27 between ASEAN and the United States, Japan, Canada, Australia, New Zealand and European Economic Community. The ASEAN delegates are expected to reiterate ASEAN's firm position against protectionism, and urge their dialogue partners to ease protectionist barriers and intensify cooperation with ASEAN.

NEW TRADE CONTRACTS SIGNED WITH PHILIPPINES

OW241039 Beijing XINHUA in English 0812 GMT 24 Jun 86

[Text] Manila, June 24 (XINHUA) -- China and the Philippines have signed a new package of import-export contracts valued at 47 million U.S. dollars in the past two weeks. Of the total transactions concluded, China's imports from the Philippines are valued at 40 million U.S. dollars while its exports to the country are worth seven million U.S. dollars.

This was announced by Ye Lingyun, head of the Chinese trade delegation, at Manila airport today upon departure for home after a fortnight's visit. Ye told XINHUA that China showed great concern over the imbalance of trade with the Philippines in the last few years. "My delegation, consisting of 28 members from a dozen Chinese trading corporations, has been tasked to buy more than we sell here to help alleviate the trade deficits of the Philippine side, so as to further the trade relations and friendship between the two countries," she added.

The commodities China has contracted to import from the Philippines include copper products, compound fertilizer, phosphatic fertilizer, banana, coconut oil and plywood. China's exports cover soybean meal, canned food, polyester fiber, metals and machinery. It was learned that the total volume of trade between China and the Philippines last year reached 270 million U.S. dollars, of which China's exports to the Philippines accounted to 210 million U.S. dollars.

PALAU PRESIDENT ON GAINING PARTIAL INDEPENDENCE

OW171056 Beijing XINHUA in English 1004 GMT 17 Jun 86

[Text] Canberra, June 17 (XINHUA) -- President of the Pacific state of Palau Lazarus Salii said that the United States has promised to his country a partial independent status despite Soviet threats of a veto in the U.N. Security Council.

According to reports reaching here today from Koror, capital of the Palau Islands, President Lazarus Salii said that he has asked the U.S. Administration to speed up a "compact of free association with the United States." Under the "compact", Palau will be a partially independent state gaining one billion U.S. dollars in economic assistance, while the United States will retain its responsibility for defense.

"PACIFIC ISLANDS MONTHLY" reported, Palauans voted for the "compact" at a plebiscite on February 24 this year. The U.N. Trusteeship Council approved it on May 28, with the Soviet Union casting the only dissenting vote.

It was reported that Moscow believed the agreement was a disguised attempt by Washington to annex the strategically located Palau Islands which stretch 644 kilometers across the Pacific.

President Salii, who visited Washington last month, dismissed the Soviet threat and said that the United States might move unilaterally to terminate trusteeship without going to the Security Council. With a population of about 14,000, Palau comprises 200 islands in the Western Pacific. She is fertile and well-wooded, producing many kinds of tropical fruits and vegetables.

XINHUA CARRIES REPORT ON PRK SOLDIERS' 'MUTINY'

OW200556 Beijing XINHUA in English 0109 GMT 20 Jun 86

[Text] Beijing, June 20 (XINHUA) -- A group of soldiers of the 6th Division of the Heng Samrin forces stationed in Sisophon area, Battambang Province rose in mutiny on June 7, killed a number of Vietnamese, Radio Democratic Kampuchea reported today. Two tanks were destroyed and another two confiscated by the rebels, the radio said. The radio report did not tell the cause of the mutiny and the present whereabouts of the rebels.

INDONESIAN CONSUL ON SUSPENSION OF TRADE WITH PRC

HK240231 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1210 GMT 23 Jun 86

[Text] 23 Jun -- Commercial Consul (Sudarja) of the Indonesian Consulate in Hong Kong told this reporter today that Indonesia's direct trade with China had recently been suspended. He disclosed that the relevant departments on both sides have maintained contacts to find a solution.

According to Indonesian regulations (Sudarja) said, all goods to be transported to Indonesia should be examined by SGS and inspection reports should be provided. However, this was not accepted by China. In light of the agreement reached between SGS and China's Import and Export Commodity Inspection Bureau in Jakarta in January 1985, China's Import and Export Commodity Inspection Bureau will be responsible for examining goods and will issue inspection reports under the name of SGS. (Sudarja) said that the agreement was not confirmed by the Indonesian authorities. In my opinion, (Sudarja) continued, the decision made by the Indonesian Trade Minister in February this year that China's Import and Export Commodity Inspection Bureau cannot examine the goods on behalf of SGS does not run counter to Order No 4 issued by the Indonesian president.

So far as I know, (Sudarja) said, both Indonesia and China insist on their own view regarding commodity inspection, but I believe that both sides will be able to find a solution.

BANK OF CHINA GROUP EXPANDS IN HONG KONG

OW211523 Beijing XINHUA in English 1451 GMT 21 June 86

[Text] Hong Kong, June 21 (XINHUA) -- The Bank of China group has become the second largest in Hong Kong next only to the Hong Kong and Shanghai Banking Corporation.

According to a release by the banking group, its total amount of loans and deposits in the first five months of this year is 30 percent higher than the same period of last year. The issuance of industrial loans, an important aspect of the group's business which started in 1983, totalled 20,000 by April this year, involving more than six billion Hong Kong dollars (769 million U.S. dollars). Meanwhile, the group also raises loans for department projects in the mainland. It provided more than five million Hong Kong dollars (641 U.S. dollars) over past four months.

Apart from the Beijing-based Bank of China, the 13 other banks in the group are incorporated either in Hong Kong or the mainland; and with Hong Kong and Macao as its base, the group has expanded business overseas. The eight banks in the group that are incorporated in the mainland have recently increased their capital by 50-66 percent.

HU'S EUROPE TOUR CONTRIBUTED TO WORLD PEACE

OW240855 Beijing XINHUA in English 0607 GMT 24 Jun 86

[Text] Turin, Italy, June 23 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Communist Party of China (CPC), today successfully wound up his half-month West European tour intended to promote mutual understanding, friendship, and cooperation and to contribute to world peace.

Public opinion in Western Europe in general described his first official visit to the four countries -- Britain, Federal Germany, France and Italy -- as an "event of historic significance" that will advance the interests of world peace and common progress.

Despite their geographic separation and cultural differences, China and Western Europe have been linked by friendship and cooperation dating back 1,800 years to the days of the ancient "silk road."

Since the People's Republic of China was founded in 1949, particularly over the past few years, frequent exchanges of visits by state and government leaders and people from other walks of life have deepened the mutual understanding and friendship between the two sides. On top of this, Hu's tour was warmly welcomed and he and his entourage were accorded grand receptions in all the four countries.

During his talks with leaders of these countries, Italian Communist Party leaders, opposition party leaders and businessmen, the Chinese party leader found himself having identical or similar views with them on at least two fundamental issues facing the world today -- peace and development.

Europe, being the cradle of the modern industrial revolution, has made tremendous contributions to human civilization and today remains one of the world's most developed regions in economy, culture and science. But on the other hand, Europe has twice been where a world war erupted to bring great calamities to people, and remains a hotbed of worldwide conflict.

These characteristics and experiences have placed Europe in a special position in contemporary international affairs and in relation to the two fundamental world issues that concern man's future and destiny. The European people, who will not allow history to repeat itself, are striving to join hands in facing the current challenges, in the first place in the effort to maintain peace. It was only natural that this aspiration was firmly supported by the Chinese party leader.

During his West European trip, Hu made a series of speeches to expound the domestic and external policies China pursues. The speeches gave both the ruling and opposition parties in these countries a better understanding of China's foreign policies of independence and peace and its home policies aimed at enlivening the national economy. Hu's speeches won high praises from the audiences, who believe that a prosperous and powerful China will be a positive element beneficial to world peace.

General Secretary Hu told his hosts that a China which pursues independent foreign policies and a Europe which demands to grasp its own destiny and strengthen its unity will surely make greater and greater contributions to world peace and stability. What he said here is the very point of departure of China's relationship with West European countries. And it was in this spirit that Hu conducted his tour and made it a success.

In recent years, China and West European countries have made gratifying achievements in their cooperation in political, economic, trade and technological fields. During Hu's visit, both sides expressed satisfaction with the development and pledged to further expand their ties. What is more, both ruling and opposition parties in the four countries are also at one in their desire to further such relations. This is added proof that China's relations with West European countries are broadly and firmly based. Brief as it was, General Secretary Hu's visit will exert a far-reaching influence on the development of Sino-West European relations.

CHINA DAILY COMMENTATOR ON HU'S EUROPEAN TRIP

HK250154 Beijing CHINA DAILY in English 25 Jun 86 p 4

[By CHINA DAILY commentator: "A Successful Trip"]

[Text] Chinese Communist Party leader Hu Yaobang has wound up his 16-day, four-nation West European trip. Setting foot on British soil, the first stop on his trip, Hu declared that the purpose of his visit was to enhance understanding, strengthen friendship, expand co-operation and promote peace. Now, at the end of the tour, the general secretary can look back with satisfaction on his mission -- his visit to Britain, West Germany, France and Italy have been a complete success. Hu was as warmly received in France and Italy as he was in Britain and West Germany.

Hu's visit afforded him the opportunity to exchange views with the leaders of the host countries on international issues of common concern and to explore ways of furthering friendly and co-operative relations. As a result, mutual understanding was deepened.

His talks confirmed that on world peace -- the most vital issue facing humanity -- there is a common language between China and West Europe. The four countries share China's views on maintaining peace and opposing the arms race. Hu reaffirmed that it is China's conviction that a united Europe can play a significant role in preserving world peace. He pledged closer co-operation from China in order to make concerted efforts to protect world peace and avert war.

He also underscored the fact that West Europe is an important partner of China in trade and economic co-operation. As a developing country, China has vast resources but lacks funds and technical know-how, both of which the developed countries of West Europe can well supply. Thus, the economies of China and West Europe can complement each other and co-operate. This will benefit both sides.

The Chinese Communist Party leader explained and stressed that China's open policy will not vary with any future leadership changes. China's relations with West Europe are based on the conviction that co-operation will last a long time. Hu's trip to West Europe showed China's recognition of the importance of West Europe in world affairs and indicated China's desire to strengthen ties with it.

We believe exchanges of visits and views between leaders of countries will undoubtedly enhance mutual understanding, which is beneficial to co-operation among nations, and helps preserve world peace. General Secretary Hu's West Europe tour is good example.

EUROPEAN AMBASSADORS TO PRC ON HU YAOBANG'S TOUR

HK201240 Beijing SHIJIE ZHISHI in Chinese No 11, 1 Jun 86

[Article by reporters Wu Miaofa, Xiao Zexian and You Dianshu: "British, Federal German, French and Italian Ambassadors to China Speak on General Secretary Hu Yaobang's Visits to Four West European Countries"]

[Text] June is the best time of the summer. General Secretary Hu Yaobang will visit four countries -- Britain, Federal Republic of Germany, France and Italy. This will be the first visit to Western Europe by the general secretary of the Chinese Communist Party. It is receiving great attention at home and abroad, and has become a hot topic of conversation. The reporters of this magazine purposely visited the four countries' ambassadors to China and asked them to talk about the significance of General Secretary Hu's visit, and the existing state of, and prospects for, the political, economic, cultural, scientific and technical relations between China and the four countries. The four relevant ambassadors received us warmly and made speeches full of friendly sentiment.

British Ambassador Evans: Another Major Development After the Hong Kong Agreement

Ambassador Evans said: General Secretary Hu Yaobang's current visit to Britain is being made at the invitation of British Prime Minister Margaret Thatcher and the British Government. This is a matter of major significance in the history of the relations between Britain and China. What I want to stress is that this is a formal and official visit. The British side will accord General Secretary Hu Yaobang a warm welcome and Mrs Thatcher will hold official talks with General Secretary Hu Yaobang.

I think that General Secretary Hu's current visit is another major development in maintaining the friendly relations between Britain and China since the signing of the agreement on the Hong Kong issue. It is also an important visit after the visit to Britain by President Li Xiannian of China last year. I am very pleased to tell you that her majesty will visit China in response to an invitation. ...You see that we are renovating housing in preparation for her majesty's visit. Mutual visits like these have constituted, or will constitute, important events in the relations between our two countries.

I want to say with a little more emphasis that "fine" progress has been scored in relations between China and Britain. It should also be said that such progress is "extremely fine." In the political area, the implementation of the agreement on the Hong Kong issue has been marked with outstanding results. Its progress has been unusually smooth all along.

On the international scene, both Britain and China are nuclear states and are also permanent members of the Security Council. We have widespread and common interests in the world. On a number of major international issues, we share many common views and ideas between us. Development in this field is also quite satisfactory.

In the economic area, our cooperation can also be described as unusually satisfactory. The total volume of trade between the two countries last year was \$1 billion based on Britain's statistics. China's statistics put it at \$1.5 billion. Despite slight differences in statistics which indicate some imbalances, these small imbalances are nothing to worry about.

In such an important area as science and technology, things have also been unusually satisfactory since the signing of a science and technology agreement between our two countries in 1978. Both sides have carried out many exchanges, including the transfer of technology, the sale of products, and so forth.

In addition, we signed an agreement on cultural exchanges in 1979. We have talks on conditions for the implementation of the agreement every two years. Next month we are to hold talks in London.

At present China has about 1,200 students studying in Britain. The British side also trains many technical personnel and teachers for the Chinese side. I myself attach great importance to cultural exchanges. Progress in this respect is encouraging.

In conclusion, Ambassador Evans said that he hoped to say three things to Chinese readers through this magazine. First, the British Government and people will warmly welcome General Secretary Hu Yaobang's visit. Second, I myself and the embassy personnel have, from work experiences in the past few years, personally felt that myriads of Chinese people cherish a friendly and warm attitude toward us. This helps greatly toward the improvement of relations between the two countries and the understanding between the people of the two countries. Third, we hope that in future we can see more articles of high quality published in your journal. [as published]

French Ambassador Malo: A Special and Also a Normal Visit

Ambassador Malo, who had just returned from a visit to our country's Xizang and northwestern region, granted us an interview.

He said with great warmth: General Secretary Hu Yaobang's visit to France is a special and also a normal visit. It is special, because this is General Secretary Hu's first visit to Western Europe. It is normal, because this is an inevitable result of the development of relations between the two countries. Because of the particularly good relations between our two countries, since 1976 Chinese leaders have without exception first visited France on their trip to Western Europe. Since last year, the development of relations between the two countries has been especially satisfactory. General Secretary Hu's current visit will inevitably push the relations of friendly cooperation between the two countries to a new stage.

A review shows that there have been many exchanges of visits between the leaders of our two countries. For example, Mr. Deng Xiaoping visited France in 1975. President Pompidou visited China in 1973. Also, there were exchanges of visits involving President D'Estaing, President Mitterrand, Premier Zhao Ziyang and other leaders. General Secretary Hu Yaobang once met with some French leaders in Beijing. On his current visit to Paris, he will have a chance to meet them again. He can also get acquainted with many new friends, such as Prime Minister Chirac. Through making contacts, he will deeply understand that the French are willing to develop friendly relations with China. General Secretary Hu can also make clear his own views on China's open-door policy, which is a matter of great concern to the French. Thus, we can better understand the universally acknowledged achievements scored by China in carrying out the open-door policy.

There are no problems existing between China and France. As far as international problems are concerned, the two countries have quite identical views on such issues as in our approach to the two superpowers, independence, self-defense, disarmament, safeguarding world peace, South-East problems, relations between the East and the West, and so forth.

The permanent UN representatives of China and France constantly hold consultations on certain major international issues. The foreign ministers of our two countries have political talks every year, increasing mutual understanding. On economic, technical, scientific, cultural and commercial cooperation, there is a mixed committee, which also holds consultations every year.

In conclusion, Ambassador Malo said something about the SHIJIE ZHISHI magazine. He said warmly: This is an extremely good magazine. It enables Chinese readers to get acquainted with major world events and with conditions about world liberalization. This helps in China's realization of modernization. You have a glorious duty on your shoulders. I sincerely hope that you can make Chinese readers understand the relations between China and Western Europe, especially France. Your magazine has done a lot of work in promoting friendship between France and China. I think that in future it will do a still more perfect job.

In my opinion, Mr. Hu Yaobang's visit to France will arouse very great feelings among people. Many Chinese people have a relatively greater understanding of France's history. Special major historical events are known to almost everyone. Many of China's top-ranking leaders once studied in France. Among them are Premier Zhou Enlai, Foreign Minister Chen Yi, and so forth. Mr Deng Xiaoping with 5 years of study in France understands France still better. May I assume that when strolling through the streets of France, Mr Hu Yaobang would think of France's former history on his walk, with new feelings thus aroused him. I hope that the masses of readers can share such feelings through your esteemed journal.

Ambassador Fischer of the Federal Republic of Germany: There Is Much Scope for the Development of Cooperation

Ambassador Fischer said: We feel very proud that General Secretary Hu is visiting our country for the first time. He will have a chance to hold talks with our political leaders; to meet with representatives in economic, cultural and other fields; to acquire a deep understanding of our country's conditions in various fields; and to relish the sights of our beautiful streams and mountains.

We believe that on his visit the general secretary will see that our country is China's largest economic partner in Western Europe, is her traditional friend, and is a state where there is much scope for the development of cooperation with China.

In the 18 months since Chancellor's Kohl's visit to China, there has been quite large developments in the relations between our two countries. There have been many government exchanges and frequent exchanges of visits between top-ranking officials. It can be said that the two countries have close political ties and share the same views on many problems. We are both in favour of maintaining world peace, reducing conflicts and strengthening good and peaceful relations throughout the world. The above goals pursued by our two countries are not directed against anyone. We make joint efforts in stimulating superpowers' progress along the road to disarmament and urging them to achieve success in the Geneva arms control talks.

Our two countries show concern and willingness in stimulating the development of the impoverished countries in Africa, Southeast Asia and Latin America. In this respect, our country, your esteemed country and Third World countries can enter into tripartite cooperation and can do much.

Economic cooperation is a prod to the further development of the relations between the two countries. Our country is China's third largest trading partner after Japan and the United States. In February 1985, Chen Muhua, your then minister of foreign economic relations and trade, said that it was hoped that by 1990 the total volume of goods exchanged between the two countries could reach 10 billion marks. Last year, the volume of goods exchanged between us exceeded 8 billion marks. We are confident that this goal can be realized ahead of time.

The important thing is that we must help China expand exports and try to achieve a balance between imports and exports and try to achieve a balance between imports and exports by every means. To give the German public a better idea of China's products, China will participate next year as a partner in the largest exhibition in the world to be held in Hanover.

We are helping China in training technical forces. We have established several sites in China for the training of technical personnel in special fields. Next we will set up a training center in Tianjin. In addition, the federal government is offering more and more college scholarships. Some foundations and enterprises are also providing scholarship funds for Chinese students and graduate students. At present, the number of Chinese students studying in our country has reached 2,000. Among West European countries, our country has the largest number of Chinese students studying in it.

Our cultural cooperation also covers cooperation with the Academy of Sciences of your esteemed country. Cooperation not only concerns natural sciences but also involves social sciences. Our country's scientists have also come to China to carry out academic studies and exchanges and have achieved marked results. These exchanges have greatly promoted understanding between the people of the two countries. In this respect, we can say that there are boundless prospects, as a Chinese saying goes.

The development of mutual understanding and relations between our two countries helps strengthen the relations between Europe and China. The closer the two centers -- Europe and China -- get the greater the positive influence on world peace and stability.

Italian Ambassador Marras: The Rate of Growth Jumps to First Place in Economic Exchange With China

Ambassador Marras said: I firmly believe that General Secretary Hu Yaobang's current visit will definitely strengthen the extremely fine relations that have existed between Italy and China in various fields.

Italian President Pertini's visit to Beijing in September 1980 is the most significant and eloquent proof of Italy's interest in developing relations with China. We should also mention many other official visits between government officials and high-ranking figures of the two countries. For example, there was the visit by Premier Zhao Ziyang in June 1984, the visit by Italian Senator and incumbent President Cossiga, the visit to be made by General Secretary Hu Yaobang, and the increasing number of mutual visits between economic, cultural, scientific and technical delegations.

There is no difference of opinion between Italy and China in the political field. Especially on such issues as peace, relief of the tense situation, and security, our two countries have widely unanimous viewpoints.

On the economic relations front, people cannot help taking note of one outstanding fact. It is that the growth of Italy's economic exchanges with China ranked first in the former's developing exchanges with all its main economic partners in 1985. Economic exchanges between the two countries had reached \$1.1 billion, an increase of 47.2 percent over the preceding year.

Beginning with the first agreement signed between the two countries in 1978, cultural, scientific and technical cooperation has become increasingly frequent. A comprehensive plan for exchanges has been introduced between important scientific research organs on both sides including visiting, joint participation in symposiums, and exchange of scholarships. As far as cultural exchanges are concerned, it should be said that the two countries have organized many exchange items with regard to drama, works of art, publications, films and music. These exchange items have, without exception, been hailed most warmly by people and have been marked with the greatest success.

China represents a most fundamental stabilizing factor in the global balance and can make cherished and valuable contributions toward wisdom and modernization for the benefit of mankind in the process of relieving the tense world situation. On the domestic front, China's leadership has adopted a great realistic and pragmatic policy in realizing the "four modernizations." Given full respect for mutual interests as a prerequisite, we are willing to make a proper contribution to China's economic and technical development.

The ambassador told the reporters with emphasis: During General Secretary Hu's visit to Rome and Venice, the local residents will express Italian feelings and affection for the Chinese through a rousing welcome. We are pleased to note that Venice has paired off with Suzhou, Florence with Nanjing, and Shanghai with Milan as sister cities. Lombardia has also established friendly relations with Tianjin. Mr. Hu Yaobang will fly to Venice and then take a special tour in a Venice pleasure boat, full of national characteristics. We firmly believe that this visit will be unusually successful.

ZHOU NAN DISCUSSES FUTURE OF MACAO

PM201446 Lisbon EXPRESSO in Portuguese 9 Jun 86 pp 1,24

[Joaquim Vieira report: "Chinese Vice Minister Tells EXPRESSO: 'China Will Not Alter Macao's Laws Or Way of Life'"]

[Excerpt] Chinese Vice Minister of Foreign Affairs Zhou Nan, who is to head the Chinese delegation at the talks with Portugal on the future of Macao, said in an interview with EXPRESSO that the territory's social and economic system "will remain intact following its transfer to Chinese sovereignty, just as the laws and way of life in the enclave will remain basically unaltered."

The first round of talks is scheduled for the last week of this month in Beijing, and Zhou Nan revealed that the meeting will take place at the Diaoyutai State guesthouse, where the 1984 Sino-British talks on Hong Kong also took place and at which the Chinese delegation will be headed by the vice minister. "The two governments," he said, "will shortly be issuing a communique on the exact date of the start of the negotiations."

Zhou Nan said that Ramalho Eanes' visit to Beijing in May last year "contributed greatly to progress with regard to the Macao issue." At that time the two countries' leaders considered the time ripe for a solution of the problem.

According to the vice minister, a further step was taken with his visit to Portugal in March to attend Mario Soares' inauguration as president. "I had the chance to talk with the president, with Prime Minister Cavaco Silva, and with Foreign Minister Pires Miranda about the solution of the Macao issue," he said. "The talks were very cordial and harmonious, so I have the impression that the Portuguese leaders with whom I met are pledged to pursuing the guidelines and decisions of the previous president and prime minister on this matter. I exchanged opinions on a date for the start of the negotiations and the agenda, and we proved to share the same viewpoint."

Zhou Nan stressed that "China will resolve the Macao question in accordance with the idea of 'one country, two systems,' In other words, it will adopt the Hong Kong model in resolving the Macao question." He explained: "This means that while the socialist system will remain in Mainland China central government will maintain the capitalist system in Hong Kong and Macao once it regains sovereignty."

The vice minister refused, however, to discuss the territory's historical specifics (a factor cited by some Portuguese leaders as a factor to be taken into account in the negotiations), explaining that "the historical phase that caused the Macao question to arise relates to the Chinese people's national feeling: I prefer to adopt a forward-looking stance." He stressed, nevertheless, that in the negotiation process the Chinese Government will "consider Macao's specific characteristics, its similarities and differences with respect to Hong Kong, and also its status quo."

Zhou Nan, who is 59 and whose diplomatic career dates back to the 1949 Chinese revolution, declared himself "very optimistic about the future of negotiations," for three reasons: "The excellent ties of cooperation and friendship between the two countries since the restoration of diplomatic relations; the existence of a mutual agreement in principle on Macao's sovereignty; and previous experience acquired during the Sino-British talks on Hong Kong."

The Beijing government representative averred that "in the negotiations China will not underrate Portugal because it is smaller than Britain. We have always maintained that in international affairs all countries, great or small, are equal." He added that "relations between the two sides' negotiators are those of partners, not adversaries."

Zhou Nan declined to go into detail about the date for the transfer of Macao to China, the duration of the transitional period, the maintenance of the Portuguese cultural presence in the territory, or the survival of the gambling system, explaining that these were matters for discussion at the negotiating table.

With regard to the statement which EXPRESSO discovered was made to Ramalho Eanes in Beijing last year by the Chinese prime minister, who "considered it desirable for Macao's transfer to occur at the same time as the scheduled date for the recovery of sovereignty over Hong Kong" (1997), Zhou stated his "impression that the prime minister told the president that, broadly speaking, integration could occur simultaneously with that of Hong Kong."

ECONOMIC TIES WITH EUROPEAN COMMUNITY REVIEWED

OW240730 Beijing XINHUA in English 0649 GMT 24 Jun 86

["Round-up: EC-China Relations Develop Steadily -- (by Zhuge Canglin)" -- XINHUA headline]

[Text] Brussels, June 24 (XINHUA) -- At the beginning of July, Jacques Delors, president of the Commission of the European Communities (EC), will visit China to promote trade, economic and technological trade cooperation between the EC and China. It will be Delors first visit to China and the third one by an EC Commission's President. Ray Jenkins and Gaston Thorn, formerly EC Commission chiefs, toured China in 1979 and 1983.

China-EC relations have developed smoothly since China established diplomatic relations with the European Economic Community in 1975. China believes strong relations with the EC are important and regards West Europe as a vital force to maintain world peace and stability. China also believes a united and strong Europe will contribute to safeguarding world peace and to developing an improved world economy. And, the EC sees China as an important force to maintain world peace and deter war.

In 1983, China completed establishing economic relations with all three groups of the EC -- the European Economic Community, the European Coal and Steel Community, and European Atomic Community. Later, it set up a periodical political consultation system with the organization. This was followed by Chinese Premier Zhao Zhiyang's 1984 visit to EC headquarters in Brussels.

The EC has become China's third largest trading partner, behind Japan and Hong Kong. Last year, the value of EC-China trade reached 8 billion U.S. dollars, a jump of 5.6 billion from 1975. Imports from the EC constitutes 11.9 percent of China's total import, higher than what it gets from the United States. China signed 60 import contracts, worth 120 million U.S. dollars, with more than 200 companies from EC members during China-EC trade week in Brussels in late 1985. More than 50 letters of intent for investment also were signed.

Since 1981, about 60 scientific and technological projects between the EC and China have been signed, ranging from sensor technology to the prevention of tropical diseases. The biggest project has been to develop new forms of energy at Da Chen Island, Zhejiang Province. China and the EC are studying the uses of wind energy, tidal energy and solar energy and how they can be applied to generate power for the island.

China also has strengthened relations on a individual basis with each of the 12 EC members and set up dozens of joint ventures. Although China and the EC say they are satisfied with the development of their relations, both believe there is room for growth in trade, economic and technological fields. China hopes West Europe will view cooperation with China on a long term and take positive measures, such as increasing imports and investments, to develop their ties on a steady course.

SFRY'S DIZDAREVIC ON COMING ZHAO ZIYANG VISIT

OW200558 Beijing XINHUA in English 0156 GMT 20 Jun 86

["Yugoslav Foreign Minister on Upcoming Visit by Zhao Ziyang (by correspondent Yang Dazhou)" -- XINHUA headline]

[Text] Belgrade, June 19 (XINHUA) -- Yugoslav Foreign Minister Raif Dizdarevic today said that during the upcoming visit by Chinese Premier Zhao Ziyang, the two countries' leaders will focus on economic ties. At the first press conference given by a Yugoslav foreign minister in two years, Dizdarevic said that in addition to discussing international issues, Yugoslav and Chinese leaders will try to find ways to expand cooperation in various fields, though they are not expected to sign any major agreements or documents. The Chinese premier is scheduled to visit Yugoslavia early next month.

Dizdarevic said that since the U.S.-Soviet Geneva summit last year, the international situation has deteriorated rather than improved with both superpowers still firmly engaged in the arms race. He said that the failure of both Moscow and Washington to reach an arms control agreement will eventually lead to a new round of runaway military competition.

Explaining Yugoslavia's position on the election of former United Nations Secretary-General Kurt Waldheim as Austrian president, Dizdarevic said Waldheim was elected by the people, and that it is in Yugoslavia's best interest to develop good relations with Austria.

Dizdarevic said relations with Albania have not improved, despite the efforts made by Belgrade. He accused Albania of continuing to spread propaganda and advocating stands that make it impossible to better relations.

LEAGUE OF COMMUNISTS OF YUGOSLAVIA BEGINS CONGRESS

Zarkovic Lists Tasks

OW200815 Beijing XINHUA in English 0638 GMT 20 Jun 86

[Text] Belgrade, June 19 (XINHUA) -- Only a unified, strong Yugoslavia can overcome economic difficulties, Yugoslav leader Vidoje Zarkovic told Yugoslav radio-television today. Speaking of the tasks of the 13th League of Communists of Yugoslavia Congress which opens in Belgrade on June 25, Zarkovic, who is LCY's Central Committee president, said his committee will focus on developing socialist self-management, enhancing the unity of the Yugoslav community and the League of Communists, combating extensive economic activity, and overcoming "polycentric statism". He noted that as an organization of the working class, the League of Communists must strengthen its own unity on the principles of democratic centralism. The LCY's weakest point is its lack of cohesiveness in implementing policies, Zarkovic said. He warned that "polycentric statism" had grown stronger in recent years in socio-political communities of all levels. And he said "polycentric statism" clashes with the principles of self-management, thus threatening the unity of the country and of the LCY.

Zarkovic concluded by saying that the period between the 13th and 14th LCY Congresses could be one in which Yugoslavia leaves its economic crisis by realizing dynamic development under stable conditions.

Leader's Report Cited

OW232127 Beijing XINHUA in English 1933 GMT 23 Jun 86

[Beijing XINHUA in English at 2332 GMT on 23 June kills the following item]

[Text] Belgrade, June 23 (XINHUA) -- Vidoje Zarkovic, president of the Central Committee of the League of Communists of Yugoslavia (LCY), said today Yugoslav Communists have won magnificent results in the postwar development of Yugoslavia. In a report to the 13th Congress of the LCY, Zarkovic said, since 1945, Yugoslavia has developed and strengthened as a fraternal, socialist and self-managing federal community, which ensures its citizens, nations and nationalities full economic and political and national assertion and equality.

During the period between 1947 and 1985, Yugoslavia's volume of industrial production increased 17 times, and the number of employed in the social sector by more than five times. The areas of education, health welfare, culture and scientific research have grown and have been improved.

In the international arena, Zarkovic said, Yugoslavia has contributed greatly to the struggle for peace and equality in international relations and has become one of the factors of stability in the world. Zarkovic said, "We belong to the innermost circle that originated the idea and policy of non-alignment, to whose assertion and development we have made a lasting and generally recognized contribution."

Analysis Views Party Congress

OW220028 Beijing XINHUA in English 0006 GMT 22 Jun 86

["News Analysis: New Challenges Face Yugoslav Party Congress" (by Li Daijun) -- XINHUA headline]

[Text] Belgrade, June 21 (XINHUA) -- The upcoming 13th National Congress of the League of Communists of Yugoslavia (LCY), scheduled on June 25, is expected to strengthen the socialist self-management system and to examine ways to overcome the country's economic difficulties.

Since the last LCY Congress four years ago, the changed international situation poses new challenges to the country as Western capitalist countries tighten their control of the world market. The rapid development of new technology in the world makes it urgent for Yugoslavia to develop its economy and science on its own.

In recent years, many socialist countries have undertaken economic reforms. Yugoslavia, which pioneered the road to socialist self-management as early as the 1950s, is now challenged by the task of further implementation of the reforms.

Yugoslavia achieved great success during the 1960s and the 1970s. Its economic growth rate was among the highest in Europe in the 1970s, and the people's living standard improved greatly. However, with the decentralization of the federal power to individual republics, a unified market has broken down and regionalism has grown stronger. The federal government's control of the national economy has also weakened.

In addition, shortcomings in economic planning, such as over-investment and a consumer growth that outpaced production, added to the difficulties. Therefore, Yugoslavia underwent an economic stagnation in the 1980's. The inflation rate has topped 80 percent, the number of unemployed has risen to 1.1 million and the foreign debt exceeds 20 billion U.S. dollars. Overcoming the current economic difficulties is the nation's most urgent task.

Recently, during a nation-wide debate on the country's economy and political system, which lasted over a year, and during a series of preparatory LCY congresses at the republic level, there have been calls for sticking to and further development of the socialist self-management system and for reforms which should contribute to national unity and the overall interest of the country.

The 13th League Congress is likely to focus its deliberations on domestic issues, especially economic difficulties. But, will the reforms be drastic, or will they mean merely to modify the existing institutions? Signs are that the reforms will not be dramatic and that the 13th League Congress will probably chart a guideline of centralization based on socialist autonomy. It is expected to stress the importance of unity and integrity of the nation, strengthen the role of the federal government and oppose regionalism. The congress may also stress the role of the league as the vanguard of political change in the country.

At this congress, a new generation of intelligent and competent young people will assume leadership. The Yugoslavs stake a lot on this congress which, they hope, will mark a turning point in the national economy.

Xi Zhongxun, Delegation Arrive

OW240420 Beijing XINHUA in English 2341 GMT 23 Jun 86

[Text] Belgrade, June 23 (XINHUA) -- The Chinese Communist Party delegation led by Politburo member Xi Zhongxun arrived here today to attend the 13th Congress of the League of Communists of Yugoslavia (LCY) which is due to open on June 25.

Xi and his delegation were greeted at the Belgrade airport by LCY Central Committee member Spiro Galovic and other Yugoslav officials. Xi told Galovic that his delegation has come to extend the greetings of the Chinese Communist Party to the LCY on the convening of its 13th Congress. "We hope to learn from your experiences and to exchange views with the party delegations from other countries," Xi added.

Galovic told his guest that more than 100 foreign party delegations will be attending the 13th LCY Congress and that LCY President Vidoje Zarkovic will receive the Chinese delegation.

Xi Hails Party Congress

OW250028 Beijing XINHUA in English 2355 GMT 24 Jun 86

[Text] Belgrade, June 24 (XINHUA) -- The close relationship between Chinese and Yugoslav Communist Parties has been forged on the basis of true independence, equality, mutual respect and non-interference, a top Chinese party official said here today.

Politburo member Xi Zhongxun, who is heading a party delegation to attend the 13th Congress of the League of Communists of Yugoslavia (LCY), said in a television interview that the 13th LCY Congress is a historic event in the political life of Yugoslavia and he has brought warm greetings to the congress from the Chinese Communist Party. He expressed the belief that under the LCY leadership, the Yugoslav people will continue to advance victoriously along the path charted by the late President Josip Broz Tito.

In the world today, Xi said, communist parties of various countries are exploring a road of revolution and construction that conforms to the conditions of their individual countries. In this endeavor, socialism will inevitably encounter difficulties of one kind or another but will eventually triumph over all of them, he emphasized.

YAO YILIN MEETS CZECHOSLOVAK POWER MINISTER

OW191120 Beijing XINHUA in English 0956 GMT 19 Jun 86

[Text] Beijing, June 19 (XINHUA) -- Vice-Premier Yao Yilin said today that China and Czechoslovakia may carry out cooperation and exchanges in the fields of power station construction and coal production. At a meeting with Vlastimil Ehrenberger, minister of fuel and power of Czechoslovakia, Yao said that China will send experts to study the coal and power industries in Czechoslovakia. Yao also hoped that the two countries will expand their cooperation in trade and the economy.

HUNGARIANS MEET GU MU, SIGN TOURISM PACT

OW231120 Beijing XINHUA in English 1102 GMT 23 Jun 86

[Text] Beijing, June 23 (XINHUA) -- State Councillor Gu Mu met a government tourism delegation from Hungary led by Imre Vincze, vice-minister of commerce, here today. They discussed bilateral cooperation on tourism. This afternoon, a protocol on Sino-Hungarian 1986-1987 tourism cooperation was signed here.

PRC, GDR SIGN GEOLOGY COOPERATION AGREEMENT

OW210432 Beijing XINHUA in English 0049 GMT 21 Jun 86

[Text] Berlin, June 20 (XINHUA) -- An agreement for cooperation in geology from 1986-1988 was signed today by the ministers of geology of China and Democratic Germany, Zhu Xun and Manfred Bochmann. During the visit, the first vice chairman of Democratic German Council of Ministers Alfred Neumann met with Zhu, who arrived here on June 14. Both sides stressed that the two countries will develop economic cooperation, in particular in geology and extraction of mineral raw materials. The Chinese minister will leave tomorrow for France.

PERUVIAN PRIME MINISTER DEPARTS FOR HOME

OW191706 Beijing XINHUA in English 1423 GMT 19 Jun 86

[Text] Shenzhen, June 19 (XINHUA) — Luis Alva Castro, chairman of the Council of Ministers of Peru, his wife and their party left here for home via Hong Kong this afternoon after winding up their seven-day official visit to China.

Before their departure, Ai Zhisheng, chairman of the Chinese Government's Reception Committee and minister of radio, film and television, conveyed to Alva and his wife regards from Chinese Premier Zhao Ziyang by a telephone call from Beijing.

Zhao said Alva's visit enhanced the mutual understanding and friendship not only between the peoples of China and Peru but their leaders. It will also have an impact on the development of bilateral friendly relations and cooperation between the two countries, he added.

Alva expressed his thanks and expressed the hope that the bilateral economic and trade cooperation would further develop. The Shenzhen City Government held a banquet in honor of the Peruvian guests at noon today.

NEWS ANALYSIS VIEWS ARGENTINE 'AUSTRAL PLAN'

OW150104 Beijing XINHUA in English 0043 GMT 15 Jun 86

["News Analysis: A Year of the Austral Plan in Argentina" (by Ke Daan) -- XINHUA headline]

[Text] Buenos Aires, June 14 (XINHUA) -- Argentina's year-long program of imposing severe economic austerity has achieved some notable success but also has been met with criticism at home.

On the one hand, the plan, called the austral plan after Argentina's new currency, has reduced the country's inflation dramatically -- from 1,705 percent to 30 percent and has been lauded by some economists as an acceptable experiment for developing countries. But while curbing inflation, the plan has not fueled the economy in the way government sources had predicted. Yesterday's 24-hour general strike, the latest in four such protests called by the General Labor Confederation (CGT), disrupted business activity across the country.

The problem is that the drop in inflation has not translated into any significant increase in capital investment.

Economy Secretary Adolfo Canitrot himself has said that the business sector has shown "a generalized lack of confidence" and that the extreme caution shown by industry has resulted in the government's "unfavorable position." However, a majority of Argentines consider the austerity plan has played a positive role in the economic readjustment of the country. The plan's successes include: a spectacular drop in the inflation rate, a reduction in the budget deficit, an increase in tax collection, a curbing of the economic recession, and the renewal of confidence by international financial organizations.

The budget deficit dropped from 15 percent of the gross domestic product in the 1981-1983 period to 4.1 percent in 1985. Tax revenues in the first four months of this year increased by 46.7 percent in real terms over the same period last year. Nearly all economic sectors, with the marked exception of agriculture and construction, have recovered in varying degrees. In the last quarter of 1985, industrial production increased by 13 percent in comparison with the previous quarter, and, in the first quarter of this year an increase of 5.6 percent was recorded.

But despite these accomplishments, the government under President Raul Alfonsin has been sharply criticized for implementing the austral plan, especially by labor. Not only have general strikes been organized but CGT representatives have refused to cooperate in important wage and price control talks.

Some observers here say that to convince its critics that the plan is working, the government must take immediate measures to increase exports. A 30 percent drop in the price of cereals on the international market, the unprecedented subsidies for agricultural products in developed countries and the poor Argentine harvest this season caused by adverse climatic conditions could mean a drop in export revenue of about one billion U.S. dollars this year. And to get its economic going, Argentina must import more which will undoubtedly cause a significant decrease in its trade surplus. Indeed this surplus has already been reduced by 37 percent during the first quarter of this year.

The government also wants to increase investment and speed up the privatization process. Capital investment in production five years ago made up 20 percent of the GDP and now only 11 percent. The austerity measures have not brought an increase in investment because such a great portion of the country's resources has been earmarked for foreign debt payments.

Other immediate tasks facing the government include the proper management of price policies and further controlling inflation. During the March-May period of this year, the average monthly inflation rate was four percent, a little higher than in previous months. According to experts, this slight price increase reflects the government's intention to change its policy of price freezes to that of controlled, slightly flexible prices.

But the most difficult and imminent task facing the government will be to improve its relations with the country's employers and trade unions. The entrepreneurs are not happy with the price freezes and tax increases which have been imposed, and the CGT, the most important labor organization in the country, denounces the austral plan as an instrument of international profiteering groups. The CGT insists that the austerity measures sacrifice the interests of the people.

The austral plan has now entered its second phase. The Argentines who have lived for more than 10 years with recession are following the economic situation with great attention. Argentine newspapers frequently publish long articles analyzing the country's economic evolution. Comments and discussions about the austral plan can be heard everywhere. Argentines cherish strong hopes for the future of their country's economy. While the austral plan has so far achieved some success, healthy economic development remains a great and difficult challenge.

NPC STANDING COMMITTEE HOLDS JOINT GROUP SESSION

Peng Zhen Speaks

OW250547 Beijing XINHUA Domestic Service in Chinese 1252 GMT 24 Jun 86

[Text] Beijing, 24 Jun (XINHUA) -- Deputies attending the 16th meeting of the 6th NPC Standing Committee had a spirited discussion on the revised drafts of the land law and the regulations governing punishment for public security offenses at today's joint group session.

Chairman Peng Zhen spoke at the joint session.

Song Rufen, vice chairman of the NPC Law Committees, explained the changes to the draft land law. Shen Hong, vice chairman of the Law Committee, explained the changes to the draft regulations government punishment for public security offenses. Wu Bo, vice chairman of the NPC Financial and Economic Committee, gave a report on the committee's examination of the 1985 final state accounts. He told the session that the Financial and economic committee approved the 1985 final state accounts. Members of the NPC Standing Committee discussed the two revised drafts.

Wu Bo also reported on the handling of a motion raised by 57 Standing Committee members during the 14th meeting of the NPC Standing Committee last January. He said: The State council and Premier Zhao took the motion seriously and decided last March to increase investment in education by 650 million yuan. At the proposal of the state Planning commission and the Ministry of Finance, the state council recently decided to allocate another 650 million yuan as a special central fund for local governments to support normal school and compulsory education during the seventh 5-Year Plan. The additional fund for education now stands at 13 billion yuan. The increased funds will be used in improving normal education, training primary and middle school teachers, and building educational facilities. A portion of the fund may also be used to repair dangerous school buildings in poorer areas.

Wu Bo said: To speed up the renovation of dangerous school buildings and safeguard teachers and students' safety, the General Offices of the CPC Central Committee and State Council, acting on Premier Zhao's suggestion, have issued a circular asking various localities to conduct a comprehensive survey of the dangerous school buildings in their areas and to adopt effective measures to repair and renovate them. The goal is to resolve its problem in 2 or 3 years.

Chairman Peng Zhen focused his talk on education. He said: Deputies and standing committee members of the Sixth NPC have made more proposals on education than on other subjects. They have made proposals in two areas -- legislation and budget. Since the 57 members of the Standing Committee presented their motion on increasing educational budget, the NPC Financial and Economic Committee and the Education, Science Culture, and Public Health committees have done a lot of work. The State Council and Premier Zhao Ziyang took the matter seriously. The result was the increase of the educational budget by 1.3 billion yuan.

Peng Zhen said: We should promote development and the building of a legal system simultaneously. Production and education are very important in building the socialist material and spiritual civilization.

Production, however, comes first. If production fails, there will be nothing left for others. On the other hand, if education fails, the socialist material and spiritual civilization will suffer.

Peng Zhen said: We must try our best to resolve the issue of educational budget. How to resolve this issue? The State Council has done its best under the present budgetary restraints to come up with such a sum of money for education. Education involves two issues -- One is to raise the education standards, the other is to make education universal. The national budget aims mainly to resolve the question of education standards, including improving normal education and subsidizing backward and poor areas. Making education universal relies mainly on the localities. It is necessary to fully rely on local human, material, and financial resources. Some provinces, cities, and counties which give priority to education have done their part.

Peng Zhen said: The question of dangerous school buildings must be resolved. The PCC Central committee and the State Council have issued circulars on this question. Local governments should set a deadline to resolve the question. We must not let our children study in dangerous buildings. Peng Zhen continued: The city differs from the country in resolving the question of dangerous school buildings. The city relies mainly on financial appropriations while the country relies on the efforts of the masses. The masses are enthusiastic about promoting education. The question lies in the party committee, the People's Congress, and the government, which must attach due importance to education. Peng Zhen said: In short, the whole nation should work to promote education and resolve the problems. If we do so, there are bound to be results.

The joint group session was presided over by Vice Chairman Peng Chong. Lin Yishan, Wu Juefu, Mo Wenhua, Guo Weifan, Lei Jieqiong, Ma Wanqi, Lin Liyun, Pei Changhui, Xu Dixin, Lin Yueqin, Yang Liang, Xue Yan, and Hong Peilin spoke at the session.

Wang Meng Named Culture Minister

OW250805 Beijing XINHUA in English 0748 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- 51-year-old author Wang Meng today takes over as minister of culture from 69-year-old Zhu Muzhi.

On nomination of Premier Zhao Ziyang, the appointment was made at the 16th meeting of the Sixth National People's Congress Standing Committee which closed here this afternoon.

A prolific writer who suffered frustrations, Wang joined the Chinese Communist Party at the age of 14. He was wrongly labelled a "rightist" in 1957 a year after publication of his book "The New Young Man of the Organization Department". It was an attack on bureaucracy in party work and is now regarded as one of the finest short stories since new China was founded in 1949.

Since the wrong was redressed and his literary career resumed in 1979, he has published short stories and essays totalling more than 2.5 million words. These include "The Most Precious", "Devoted Heart" and "Sound of Spring" which were voted the country's best writings in a 1977-1979 nationwide poll.

Wang is now also vice-chairman of the Chinese Writers association and editor-in-chief of PEOPLE'S LITERATURE.

Land Management Law Adopted

OW251015 Beijing XINHUA in English 1002 GMT 25 Jun 86

[Text] Beijing, June 25 (XINHUA) -- The 16th meeting of the Sixth National People's Congress Standing Committee closed here this afternoon. The meeting adopted the "Land Management Law of the People's Republic of China", which will become effective as of January 1, 1987.

The 57-article law has specific provisions on land ownership and the right to land use, land utilization and protection, land to be used for national and local construction, and related legal responsibilities. Final state accounts of 1985 put forward by the State council and a report on the accounts made by Minister of Finance Wang Bingqian were also approved. The meeting also made a few appointments.

Nuclear Power Policy Examined

OW241445 Beijing XINHUA in English 1402 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- China should develop nuclear power step by step in the light of world energy trends and China's own circumstances, while actively developing coal and hydroelectric power.

Members of the National People's Congress (NPC) Standing Committee made these remarks when examining China's nuclear power policy at the ongoing 16th Session of the NPC Standing Committee.

Xu Dixin said that the development of nuclear power, a supplement to coal power, can help save coal and keep the ecological balance, and benefit the economy greatly if safety is guaranteed.

Deputy Li Gui said that it is quite difficult for China to tackle the energy shortage only by developing coal and hydroelectric power, although China is rich in coal and water reserves.

Li suggested priority to be given to southeast China, which has relatively well-developed industry, in developing nuclear power to ease the power shortage there and lay a foundation for future development.

Deputy Xiong Fu said safety and quality should be stressed in developing nuclear power. To ensure nothing goes wrong, Xiong added, great efforts should be made to introduce up-to-date technology and strict management, and hire competent staff.

Deputy Yan Yiquan described the development of nuclear power as a key strategy in China's modernization program. Efforts should be made to educate the public to dismiss their fears about nuclear power development. Deputy Mamtov Kurban said that the nuclear power industry is a developing one and its growth can help update China's science and technology.

Bankruptcy Law Urged

OW241028 Beijing XINHUA in English 0933 GMT 24 Jun 86

[Text] Beijing, June 24 (XINHUA) -- Members of the National People's Congress Standing Committee said today an enterprise bankruptcy law would make an important contribution to China's economic reform.

At a meeting of the leading group of China's parliament, members said a bankruptcy law which made economic failure a real possibility would lead to improved management of state-owned enterprises. Most also argued that while the law is urgently needed, it should not be hastily prepared.

Xue Yan, vice-chairman of the Guangdong Province People's Congress Standing Committee, said he wanted a law passed "as early as possible" to assist the province in dealing with its growing number of enterprises with foreign participation.

Economic Xu Dixin said that the proposed law would protect state property from continuing mismanagement and eliminate the phenomenon of "eating from the same pot" -- a Chinese expression for sharing economic benefits despite substandard performance.

Wu Zhichuan, vice-chairman of the Zhejiang Province People's Congress Standing Committee, argued that despite the need for the law, "the time is not ripe to issue it." Wu called for a trial regulation until enterprises are given a freer hand in their own management. "The way it is now, an enterprise could fail for many reasons having nothing to do with bad management, such as government price controls and tax policies," he said. Standing Committee members also suggested that to work well a bankruptcy law should be accompanied by other needed legislation, such as an industrial enterprise law, a joint-venture enterprise law, a state-owned enterprise law, a collectively-owned enterprise law, a labor service law and a social insurance law.

JINGJI CANKAO on Bankruptcy Law

HK250403 Beijing JINGJI CANKAO in Chinese 21 Jun 86 p 6

"Discussion and Deliberation" column by Sun Yunling: "Establish the Enterprise Bankruptcy System, Improve the Enterprise Behavior Mechanism" -- capitalized passage published in boldface]

[Text] The so-called bankruptcy system contains two basic meanings: first, enterprises go bankrupt in order to pay their debts; second, they go bankrupt through a shake-out. In the first sense, the bankruptcy system is one under which a commodity dealer being unable to repay its outstanding debts, handles its debt dispute by going bankrupt. In this way, the legitimate rights and interests of creditors and debtors are ensured and normal social and economic order is preserved. In the second sense, the bankruptcy system is a method of handling the results of competition among commodity producers. It is a legal guarantee for realizing the principle of selecting the superior and eliminating the inferior. Without a bankruptcy system, the principles of assuming responsibility for one's own profits or losses and of selecting the superior and eliminating the inferior will always be empty talk and will not be implemented.

If the state no longer acts as an enterprise protector, the enterprises will genuinely have to be responsible for their own decisions, assuming responsibility for both losses and profits and prudently carrying out their investment activities in line with the needs of production. The fact that a handful of enterprises go bankrupt is sufficient to develop a strong psychological pressure, which forces other enterprises to automatically control their investment and consumption demands and to rationalize their behavior.

ONLY BY SETTING UP AN ENTERPRISE BANKRUPTCY SYSTEM CAN WE COMBINE POWER WITH RESPONSIBILITY AND PERFECT THE ENTERPRISE BEHAVIOR MECHANISM

Extending the decision-making power of enterprises is an important step taken in our economic reform. However, the reform practice over the years has proved that extending the decision-making power of enterprises alone cannot ensure the rationalization of enterprise behavior. This is because, despite its various contradictions and defects, the traditional economic structure is nevertheless a unified entity, having its own unique operational logic, trends, and laws. Within this entity, whichever aspect we change, even its most important aspect, will be able to completely eliminate the defects of the old system. On the contrary, it will result in a lack of coordination between the part and the whole, very probably making the economic operations even worse. The issue here lies in the fact that, while restrictions on enterprises are lifted, they are still being protected, and that, while power is delegated to enterprises, they do not have to undertake any risk. As a result, certain enterprises abuse their power and deviate from the target of our reform. The excessive increase in consumption funds and the excessive scale of investment in fixed assets during the period of reform are more or less related to this issue. The institution of the bankruptcy system is an indispensable supporting condition for extending the decision-making power and is an integrated form of combining power with authority.

ONLY BY COMBINING INTEREST AND RISK CAN WE INCREASE THE CAPABILITY OF ENTERPRISES TO CONTROL THEMSELVES

The key problem affecting the behavior of socialist enterprises lies in the establishment of a self-control mechanism in the enterprises so that, while deriving benefits, the enterprises should also undertake some necessary operational risks. If the bankruptcy system is instituted, the workers and staff members will not be indifferent to the future of the enterprises particularly if their profit bonus is zero. This is because the workers and staff members have linked their future with that of the enterprises.

In my view, benefits and risks are the source of enterprise motivation and the necessary conditions for invigorating enterprises. As far as commodity producers are concerned, it is a complete system of motivation. If there are only benefits but no risks, the enterprises will probably seek the maximum immediate interests at the expense of their future interests. They will certainly be eager for quick success and instant benefits and become shortsighted. Therefore, the enterprises behavior mechanism can be perfected only by giving full play to the role of benefits and risks. The establishment of the bankruptcy system is also an indispensable supporting condition for perfecting the system of motivation of enterprises. It is also a necessary form for combining benefits and risks.

ONLY BY COMBINING EXTERNAL WITH INTERNAL CONDITIONS CAN WE ENSURE RATIONALIZATION OF ENTERPRISE BEHAVIOR

Both the economic means adopted to exercise macrocontrol and the economic levers applied to readjust economic operations are the external factors for rationalizing enterprise behavior, while the establishment of a bankruptcy system is the internal factor that conditions enterprise behavior and increases the capability of enterprises to control themselves. Controlling and readjusting the external conditions are undoubtedly very important to ensuring the smooth operation of the economy as a whole and coordinating the proportional relationships. However, the external conditions are insufficient in themselves. Only by combining external with internal conditions can we attain the expect results. Take the control of consumption demand as an example. Given the restriction of a soft budget, the workers and staff members of enterprises demand higher and pay and the leaders of enterprises also have a desire to increase their income. The common demand or desire will inevitably make the enterprises vie with each other in issuing unwarranted allowances in cash or kind regardless of their practical conditions in operation. In order to solve this problem, in addition to tightening macrocontrol over the total amount of consumptions funds, the state should also make readjustments by applying such economic levers as collecting the bonus tax. It should be noted, however, that relying on control and readjustment by external conditions alone will not be able to fundamentally solve the problem of a strong consumption inclination. Only by establishing the bankruptcy system is it possible for enterprises to proceed from their own overall interests and to conscientiously restrict their consumption demands, thus gradually rationalizing the consumption inclination. In the course of investigation, we discovered that 81 percent of the people held that, following the establishment of a bankruptcy system, the enterprises will conscientiously reduce their consumptive expenditures and increase their investments in technological transformation and equipment.

Controlling the investment demand of enterprises can also be carried out in the same way.

The establishment of a bankruptcy system is not only the objective demand of a transformation from a highly centralized product economy to a planned commodity economy but also the inevitable trend of the deepgoing development of the reform of the economic structure. It is bound to bring profound changes in China's economic life.

FORUM SPEECHES MARK 'DOUBLE HUNDRED' ANNIVERSARY

He Kuang on Freedom

HK241041 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

[Excerpts" of speech by He Kuang at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of the Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Freedom of Creation, Freedom in Academic Work and the Double Hundred Policy"]

[Text] The policy of letting a hundred flowers blossom and a hundred schools of thought contend, which was put forth by our party as a basic principle guiding the work in the domain of literature and art as well as science, is actually a great creation. The policy enjoyed immense popular support when it was put forth, but good times did not last long. As a matter of fact, the policy was abolished for a long time and existed more in name than in reality. Today when we observe the 30th anniversary of the policy, we must earnestly draw the historical lesson as a warning.

In drawing the historical lesson, the article by Comrade Yu Guangyuan, which was published in RENMIN RIBAO on 16 May, cited four reasons contributing to the abolition of the double hundred policy. In my opinion, his analysis is clear-sighted. Now let me briefly discuss how to understand freedom of creation and freedom in academic work.

Making a comprehensive survey of the cultural development of mankind in modern or ancient times, in China or elsewhere, we may clearly see that advocating freedom of creation and freedom in academic work is the only way to promote progress in the arts and sciences.

Through the ages, an artist or a scientist (including the natural and social sciences) has not been able to develop his creativeness and make contributions to society unless he has asserted freedom in creation and academic work in practice and ideologically. Otherwise, his creative potential would tend to dry up and his natural talents would accomplish nothing. If a nation, a country, and an era has a good social environment for freedom in creation and academic work, many talented artists and scientists will shine forth in the arena of art and science. Otherwise, many gifted people will be stifled, and those who could gain eminence under favorable conditions are as scarce as the morning stars (the dark middle ages in Europe can be regarded as a typical example in this aspect).

Now that freedom of creation and freedom in academic work are so closely bound up with the cultural development of mankind, then what on earth is freedom of creation and freedom in academic work?

In my opinion, at present, people do not have a correct understanding of freedom of creation and freedom in academic work in two aspects.

One is that some people understand that freedom will cause people to go off into wild flights of fancy, to shoot off their mouths, and to do as they please. If freedom is so comprehended, then advocating freedom in creation and academic work will be desperately serious, the ideology of the whole society will be in chaos, there will be no political stability and unity, and the people will not be able to work for socialist modernization with one heart and one soul. People who have such an understanding of freedom are actually panic-stricken by freedom and turn pale at the mere mention of freedom.

The other is that some people understand that those who do not have Marxist world outlook, do not have a good grasp of Marxism, and do not know to observe and analyze problems with the Marxist stand, viewpoint and method have no right to talk about freedom of creation and freedom in academic work. People who have such an understanding of freedom equate the concept of freedom in philosophy with the concept of freedom in literary creation and academic work. At the same time they hold that one cannot probe into objective law before one understands it. They sing loudly about freedom but they actually see freedom as unattainable.

These two understandings are in essence negating the necessity for creation and academic freedom from two different extremes, paying lip service to acknowledging it, but actually eliminating creation and academic freedom.

To my mind, the so-called creation and academic freedom is actually acting independently and keeping the initiative in the observation, thinking, exploration and creation of an artist or scientist. He shows respect for the knowledge already in existence, and regards the knowledge he has acquired as the starting point for further explorations, but not as an unsurpassable peak. He shows respect to and learns from the authorities in art and the academic field, but does not worship them blindly, nor throw himself on his knees before them, not daring to surpass them. He is in pursuit of the true, the good and the beautiful, and in search of truth, but he will never succumb to external pressure (whether it is from religious authority, monarchical, or whatever power), and he will stand the test of temptation of whatever power and interests. He is not to be subdued by force; wealth and rank will not turn him down, and straightened and humble circumstances cannot move his faith.

The correctness of the double hundred policy lies precisely in the fact that it is based on such freedom in creation and academic work, and that it has created the best social environment for such freedom. We may say that without such a social environment for creation and academic freedom, the double hundred policy will be, in essence, abolished.

In order to adhere to the double hundred policy, it is imperative to resolutely advocate, encourage and safeguard creation and academic freedom.

He Jianzhang on Social Sciences

HK241300 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by He Jianzhang at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economic Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Adhere to the Double Hundred Policy, Develop Social Sciences"]

[Text] The double hundred policy, presented in 1956, was actually implemented after the 3d Plenary Session of the 11th CPC Central Committee. Now it seems that the implementation of this policy has encountered numerous obstacles. The reasons for such a situation can be summed up as follows:

1. Marxism was regarded as a solidified and closed system. The terms never mentioned in the books were not to be quoted, otherwise, it would be heterodoxy. The research results and methods of bourgeois scholars were all declining reactionary stuff which should be totally negated and not used as reference; to do so would be tantamount to bourgeois liberalization. Lenin's idea of critically assimilating the theoretical achievements of predecessors, including bourgeois scholars, was even regarded as suitable to the freely competitive capitalist era and not to the stage of monopoly capitalism or socialism.

2. Patriarchal behavior and monopoly of theoretical forums: Some comrades realized that Marxist theory is revolutionary and critical and that it should be further developed. Nevertheless, they confined the task of developing Marxism to leaders and a few theoretical authoritarians. Regarding the broad ranks of theoretical workers and the masses, their tasks were to comprehend and explain the speeches of the leaders and authoritative persons.

3. Distrust of intellectuals: Although the CPC Central Committee declared long ago that intellectuals are a component part of China's working class, the spirit of "bourgeois intellectuals" still created mischief in the minds of some people. If the speeches of intellectuals differed from theirs or went beyond the limits they set, they would become extremely nervous, regard it as "a new tendency of class struggle," and launch mass criticisms.

In order to genuinely implement the double hundred policy, it is necessary to create a fine social environment. We should look upon Marxism as a revolutionary, critical, and open scientific system. According to the principle "practice is the sole criterion of truth," we should have the courage to break with certain outdated conclusions and assimilate the outstanding cultural achievements of human society, including the scientific views and methods of bourgeois scholars. We must uphold the principle of equality before truth and oppose the practices of intimidating people with power and influence. We must trust the broad ranks of intellectuals. Instead of hastily drawing conclusions and interfering by administrative means, the differing academic views should be repeatedly examined in practice. Naturally, academic criticism is necessary and should be proposed, but we should also allow counter criticism and let scholars have reservations.

Zhao Renwei on Study Styles

HK241143 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of a speech by Zhao Renwei at the forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Correct the Style of Study, Initiate Contention"]

[Text] Over the past 3 decades, the double hundred policy has traversed a zigzag path in its implementation. Today, we should sum up our past experiences and lessons and create a favorable condition for the implementation of the double hundred policy. Here, I would like to air my personal views from the angle of correcting the style of study and improving academic administration.

First, it is necessary to create a harmonious atmosphere and environment for academic discussions. When holding academic discussions, all of us should obey the truth and uphold the principle that all people are equal before the law and the principle that practice is the only criterion for verifying the truth, irrespective of our academic and political status. Do not hold that because we have a special status or because our views are supported by a certain power, the truth will certainly be on our side and we have the right to impose our views on others with the tone of lecturing others or drawing conclusions. The style that "truth belongs to those who have power" is a manifestation of monopoly behavior in the academic field. Only by changing this style is it possible to create an atmosphere of equal contention.

Next, it is necessary to advocate upholding truth and rectifying mistakes and to oppose the practice of bending with the wind. In the course of academic explorations, it is normal that, through studies and discussions, people should uphold what they think should be upheld or change certain views. There is no lack of such precedents among noted economists at home and abroad. In academic studies we should not bend with the wind, following prevalent ideas without our own independent opinions. Obviously, this style of study does not help to initiate academic contention and to raise the academic level.

Even if a certain view is relatively correct, due to the simultaneous existence of various other viewpoints, there will be more opportunities to supplement, revise, and develop this view. The existence of different views can also play the role of one supervising another and prevent a relatively correct view or practice from going to extremes due to lack of supervision, thus leading to erroneous results. In the short term, the existence of only one tone or voice in a certain period seems fairly quiet and consistent. In the long term, this often leads to fluctuations and reversals.

Again, it is necessary to uphold academic democracy. In our economic circles there are people who do not study or explore problems but who are keen on bludgeoning others to prevent them from exploring new ground. Due to the interference of such people, our economics research institute and JINGJI YANJIU have paid a high cost. Such explorers as Sun Yefang were also subjected to gratuitous persecutions. Some authors have been subjected to attacks by such people politically just because they have submitted an academic paper for publication. For this reason, we should use democratization to resist this harmful behavior and to ensure freedom of academic exploration. In this way we can pay a smaller price and prevent setbacks.

Wang Huide on Class Struggle

HK241224 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Wang Huide at a forum to mark the 30th anniversary of the double hundred principle, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Academic Contention and Class Struggle"]

[Text] The policy of letting a hundred schools of thought contend was actually negated not long after it was put forward in 1956. Why? We should draw lessons from the issue.

China's socialist transformation of ownership of the means of production was basically completed in 1956. At that time, some people believed that class struggle had come to an end and the main task was to carry out construction. However, this correct estimation of the situation was negated before long. Hence, the prevailing idea was: The question of which will win out, socialism or capitalism, though settled in the economic field and ownership of the means of production, is not yet resolved in the political and ideological fields. The class struggle between the proletariat and the bourgeoisie will be focused in the political and ideological spheres. The struggle will continue to be long and at times will even become very acute. As the ideological field was regarded as the main battlefield of class struggle, letting a hundred schools of thought contend was out of the question and only the proletariat and the bourgeoisie had the opportunity to compete with each other. With the slogan "eliminate bourgeois ideology and promote proletarian ideology" raised later, the things treated as "bourgeois" were to be eradicated rather than put under contention.

As we draw a historical lesson today, we must eliminate the pernicious influence of "taking class struggle as the key link" and discard the methods related to the erroneous idea. If academic contention is taken as class struggle, or there is a question of which will win in the ideological field, the proletariat or the bourgeoisie, or there is a process of "promoting proletarian ideology and eliminating the bourgeois one," the double hundred principle will not come into being.

When we say that "letting a hundred schools of thought contend" is the correct policy for academic prosperity, we should have the courage to admit that it is a normal phenomenon even for a Marxist to have tens or hundreds of different views on a certain question. The result of deliberation and contention is the reaching of consensus. We should not make conclusions beforehand and regard a certain view as truth and Marxism and the other 99 as fallacies, in other words, "promote" 1 and "eliminate" the other 99 views. Differing views on a question is a normal, inevitable phenomenon in the course of exploring truth and there is nothing to be surprised at. We should not try to foretell which one is Marxism and which 99 are non-Marxist or anti-Marxist. Only in this way can we genuinely implement the double hundred principle.

Tang Zhongkun on Contention

HK241225 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Tang Zhongkun at a forum on 31 May to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department: "Encourage the Formation and Competition of Different Schools of Thought"]

[Text] Encouraging the formation and competition of different schools of thought is an inherent meaning of the policy of letting a hundred schools of thought contend. The social economic process is a complicated process of constant development. Even though the study of the current social economic process is guided by Marxism, it is still possible for different schools of thought to arise, as the spheres, angles, and methods of study are different. Encouraging the formation and competition of different schools of thought will help economists make a systematic study of the relevant economic theories and continuously improve their theoretical system, study methods, and arguments. This is beneficial to changing the habit of repeating the study of the same theory at a low level in a "rush" manner. In the course of competition, to enable their theories to withstand the test of practice, different schools of thought should go deep into practice for investigation and study and conscientiously and critically absorb all good theoretical achievements to correctly understand the social economic process. This will help reduce empty theories which are divorced from practice. The competition between different schools of thought in Marxist economics circles will, in the course of the integration of theory with practice, promote the development of the whole of Marxist economics and help train a number of influential Marxist economists. Marxist economists should not be afraid of the emergence of non-Marxist economists. Marxist economics develops through the debate with non-Marxist economics and enriches itself by critically absorbing the scientific factors in non-Marxist economics.

A basic method of competition between different schools of thought is academic criticism and counter criticism. The correctness of theoretical views must be judged by practice and not by man. No theoretical views have the privilege of not being criticized, nor does any theoretical criticism have the privilege of not being counter criticized. Criticism and counter criticism must be equal, responsible, and reasoning, and no one is allowed to use power and influence to threaten others. What is required is convincing people by reason. This is where the difference between academics and scholar-tyrants lies.

Dong Fureng Urges Implementation

HK241121 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Dong Fureng at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Make Efforts To Implement the Double Hundred Policy"]

[Text] The double hundred policy is a correct principle to promote the flourishing and development of science and culture. Practice over the past 3 decades has proved that China's science and culture flourished and prospered when this policy was implemented, but halted and even declined otherwise. It has been the same with economic theories. We have experiences of success as well as bitter lessons over the past 3 decades.

Speaking of bitter lessons, we have two conspicuous examples in China's economic circles. One is the criticism of the famous economist Ma Yinchu's theory of population control in the 1950's, and the other is the criticism of the famous economist Sun Yefang's entirely outstanding and original theory of economics. These criticisms went beyond the scope of normal academic debates and ran counter to the principle of the contention of a hundred schools of thought, and they were actually carried out as political struggles. Those under criticism were labelled politically with groundless and frightening charges. Such criticism suffocated the creative research on China's theories on economics, and has brought about irredeemable great losses to China's socialist economic construction.

Since the 3d Plenary Session of the 11th CPC Central Committee, the Central Committee has implemented the principle of emancipating minds, and seeking truth from facts, corrected the "leftist" errors in the past, and created a good environment for the development of China's theories on economics without precedent. This has enabled unprecedented development of China's theories on economics in the course of contention of a hundred schools of thought, and played an active role in China's economic reform and construction. However, the implementation of the double hundred policy is not always plain sailing, and we have experienced setbacks in the course of its implementation. In order to implement the double hundred policy in a down-to-earth way, we must make great efforts. On the one hand, we hope that the departments responsible for economic theoretical work would create a further relaxed environment for economic theoretical work, on the other, we economic theoretical workers should also do our best to correctly understand the spirit of the double hundred policy. We should acquire the courage for theoretical research, and be bold at exploration and blazing new trails under the guidance of Marxism. We should advocate not only independent thinking and contention and discussion between different views, but, even more, the calm exchange of views in criticism and counter-criticism, seeking truth from facts, fully reasoning facts, and convincing others by reasoning. We must in a down-to-earth way get rid of the unhealthy atmosphere of distorting others' original intention, garbling a statement, arbitrarily labeling politically, or flying into a fit of anger when listening to criticism of a discussion nature.

China's economic circles are facing arduous tasks. Reform and development are the two big topics confronting us. Reform is for the sake of development, when development means realizing socialist modernization. Huge volumes of extraordinarily complicated and difficult problems are awaiting our exploration, research, and solution. As theoretical workers in economics, we should carry out bold exploration and research on all sorts of questions concerning economic reform and development, so that China's socialist economic science may further flourish and develop on the basis of practice. Mistakes are hardly avoidable in exploration and research, and the emergence of different views is inevitable. We should be bold at adhering to truth as well as revising our errors under the guidance of Marxism, and unfold discussions in the spirit of equality, democracy, seeking truth from facts, and fully reasoning with facts based on the principle of "letting a hundred schools of thought contend."

Xiao Zhuoji on Ma Yinchu

HK241157 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpts" of speech by Xiao Zhuoji at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "Draw Lessons From the Criticism on Ma Yinchu"]

[Text] Ma Yinchu, former president of Beijing University, published a series of works during the period from 1956 to 1958, including "On the Theory of Comprehensive Balance and the Law of Proportionate Development: a Discussion in Light of the Actual Circumstances in China," "More on the Theory of Comprehensive Balance and the Law of Proportionate Development: a Discussion in Light of the Actual Circumstances in China," "New Population Theory," and "My Economic Theory, Philosophical Thinking, and Political Stand." In these works, he put forth many original views and valuable suggestions on such major issues as the balanced development of the national economy and population control which have an important bearing on socialist construction and the future of the state and nation. However, Ma Yinchu's correct opinions were not studied seriously and adopted at that time, neither was he encouraged to further the exploration of these issues with other comrades of the academic circles. On the contrary, Ma Yinchu's views were wrongly denounced as "anti-party and anti-socialist reactionary fallacies," and he was accused of "attacking the party and socialism behind the camouflage of academic studies" and "vainly attempting to overthrow socialism in the hope of capitalist restoration." During the two movements in 1958 and in the 1959-60 period when Ma Yinchu was attacked by name, a total of more than 160 related articles were published in various newspapers and journals, and more than 9,000 big-character posters were posted at the Beijing University campus in an organized way, having an extremely bad influence.

What lessons should we draw from the wrong criticism against Ma Yinchu? Apart from what I have mentioned above, the following three points, I think, should also be noted.

First, it is necessary to attach importance to social sciences. Social sciences, which also play a revolutionary role in propelling history forward, are of great importance, equal to that of natural sciences. Overlooking the importance of social sciences or adopting an incorrect attitude toward the study of social sciences will inevitably cause losses to socialist construction.

Second, it is necessary to show respect for the explorative and pioneering spirit of the theoreticians. In the past, our theoreticians enjoyed little support but frequently faced criticism. It cannot be denied that our theoreticians have failed to keep abreast with the actual situation in some fields. But it is also a fact that many theoreticians have done some original work. Such works as "New Population Theory" by Ma Yinchu and "Planning and Statistics Must Be Based on the Law of Value" by Sun Yefang have presented new ideas and new policies dealing with new circumstances and new problems. On the other hand, it takes time to achieve in-depth development of a new process of theoretical generalization. Therefore, we should not make excessive demands on our theoreticians but should give them more support and encourage them to further their brave exploration.

Third, we can never demand "uniformity in public opinion" in the academic fields. Marx said: "You praise the fascinating changes and the inexhaustible treasure of nature and you do not demand that roses and violets give the same fragrance. Then why do you demand that spirit, the richest and most colorful thing in the world, exist in only one form?" Although Marx made this statement in criticizing the Prussian cultural despotism and this case was completely different from ours, the soul of his words is still of great value.

Feng Lanrui on Scientific Organizations

HK241221 Beijing RENMIN RIBAO in Chinese 20 Jun 86 p 5

["Excerpt" of speech by Feng Lanrui at forum to mark the 30th anniversary of the double hundred policy, jointly sponsored by the Economics Institute of the Chinese Academy of Social Sciences and the JINGJI YANJIU Editorial Department on 31 May: "The Double Hundred Policy and Scientific Organizations of the Masses"]

[Text] To realize socialist modernization in our country and build socialism with Chinese characteristics, the masses' scientific organizations are indispensable. 1) They are capable assistants of the party and state, and are links between the party and state and scientific workers. They can reflect to the higher authorities the feelings, demands and suggestions of scientific workers. The party and state can also transmit their demands to the broader masses of scientific workers through these scientific organizations of the masses. 2) They are useful for strengthening lateral links among scientific workers in various departments, units and localities. Through the masses' scientific organizations, we may organize scientific workers in various localities, departments, and units so that they can concentrate their efforts to carry out and accomplish many major scientific research projects. 3) In the activities of the masses' scientific organizations, scientific workers can freely discuss and exchange their scientific and technical achievements. They may air their different views in debate. This will give full play to the wisdom and capability of scientific workers, and promote democratic and free academic atmosphere.

The number of scientific organizations of the masses in our country has greatly increased since the 3d Plenary Session of the 11th CPC Central Committee. They have carried out many academic activities, and played a positive role in varying degrees in the three aspects mentioned above.

Strictly speaking, these organizations have not yet fully exploited their role, but they have made their achievements in the work as a whole. At present, there are various erroneous views on the scientific organizations of the masses. 1) Some people fail to realize the importance of the scientific organizations are not essential, and that it is better to have a smaller number of these organizations. 2) They pay more attention to the problems and defects of these organizations, but fail to think more of their successes. They criticize them extensively, but do little to encourage them. Sometimes, some problems have occurred in one or two scientific organizations of the masses. Some people wrongly think that the same problems have also occurred in most of the organizations. The correct attitude to adopt is that we should fully affirm the important role and achievements of the scientific organizations of the masses, enthusiastically support their work, and help them solve their difficulties. Instead of hampering their advance, we should promote their progress.

Since scientific organizations of the masses are different from administrative institutions, we should not adopt administrative methods to run them. Now the problem is that we use administrative methods to control scientific organizations of the masses. The regular work of scientific organizations of the masses is to carry out academic activities. Some units in charge exercise rigid control over academic activities. There are many irrational regulations which restrict legal activities of the scientific organizations of the masses. This is harmful to the contention of a hundred schools of thought.

I believe that it is necessary to exercise control over the scientific organizations of the masses. However, the method of control should be changed. We should adopt a method which is suitable for the characteristics of the scientific organizations of the masses rather than taking simple administrative means. To do so, we should respect the democracy and independence of the scientific organizations of the masses. We should not interfere in their academic activities. According to Article 35 of the Constitution, I suggest that we enact a law on the scientific organizations of the masses as early as possible. Such a law will be useful to the effective administration of the scientific organizations of the masses.

RENMIN RIBAO ARTICLE ON 'DOUBLE-HUNDRED' POLICY

HK240825 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 15 Jun 86 p 2

["Special Commentary" by Du Feijin: "Talking About the 'Double Hundred' Policy and Its Guarantee by the Legal System"]

[Text] Perhaps it is because of my leaning toward democracy and freedom that I have, of late, read almost all the articles in the press marking the 30th anniversary of the propounding of the "double hundred" policy, and I just have to say a few words on the enlightened discussions by many comrades in their writings. Focusing on the "double hundred" policy, we can deal with this topic from different angles. The author of this article would like to air a few points on how the legal system should guarantee the implementation of the "double hundred" policy.

The guarantee of the legal system must be acquired for the implementation of the "double hundred" policy.

-- This Is A Summing Up of Historical Lessons as Well as the Inevitability of the Development of the Times.

The policy of "letting a hundred flowers blossom, letting a hundred schools of thought contend" was first put forward in 1956. But it was practically abolished as soon as it was propounded. Rough treatment with regard to scientific research and the creation of culture and art was repeated over and over again beginning in 1957, and becoming all the more intensified in the 1960's and the 1970's in particular. The causes for the emergence of such a tortuous course were manifold. However, there is no evading that "the rule of man," which had been carried out in China's academic and art circles over a long period of time, was one of the most important reasons. Under the rule by man, questions concerning academic, cultural and artistic subjects were more often than not resolved by the opinions of some leading members, and their personal preferences became the criteria for judging right and wrong. We can say that the rule by man has been the fountainhead of some abnormal and unhealthy phenomena in China's academic, cultural and artistic circles. This is because the rule by man refuses to acknowledge the principle that "everyone is equal before truth", and believes that the leading members are Marxist authoritatives, meaning that they are the personification of truth. Hence, the free discussion and criticism of any questions on an equal footing is unnecessary. Therefore, in order to genuinely implement the "double hundred" policy, it is imperative to substitute the rule by man with the rule by law, and necessary laws must be drawn up to protect the democracy and freedom of academic and artistic circles. This is precisely the lesson we have drawn at the tremendous cost of the long-term stalemate in science and art.

The guarantee of the legal system in the implementation of the "double hundred" policy is also the inevitable trend of the entire development of the times. This is because the "double hundred" policy is an important content of socialist democracy and freedom. To us, democracy and freedom are not only banners as well as facts; they are an important demonstration of socialism's superiority and the target the people are pursuing under the leadership of the party and the state. Without genuine democracy and freedom, there would not be genuine socialism, and the fulfilment of communism would be an impossibility. Back in December 1978, Comrade Deng Xiaoping pointed out: "To ensure people's democracy, we must strengthen our legal system. Democracy has to be institutionalized and written into law, so as to make sure that institutions and laws do not change whenever the leadership changes, or whenever leaders change their views or shift the focus of their attention ("Selected Works of Deng Xiaoping" p 136.) Therefore, the proposal and implementation of the "double hundred" policy is by no means the whimsical idea or expedient measure of a certain leading member, but the inevitable demand of socialist construction and development, and a necessity in building a high level democratic, modernized, socialist country and for China's science and culture to flourish. I therefore believe that the guarantee of the legal system for the genuine and long-term implementation of the "double hundred" policy should be institutionalized and legalized.

The Principled Stipulation of the Constitution Alone Is Not Enough for Genuine and Long-Term Implementation of the "Double Hundred" Policy

As everyone knows, although the "double hundred" policy has not been directly written into China's Constitution, stipulations in the same vein can be found in the Constitution. For example, Article 35 of the PRC Constitution stipulates: "Citizens enjoy freedom of speech, the press, assembly, association, procession, and demonstration." And Article 47 stipulates explicitly: "Citizens have freedom to engage in scientific research, literary and artistic creation and other cultural activities." These constitutional stipulations confirm the rudimentary essences of the "double hundred" policy from the angle of the state's basic law. They thus play an important role in allowing China's scientific research, culture and art to flourish and develop. However, we should admit that in academic and art circles, the above-mentioned constitutional stipulations are far from being enough if a change from the rule by man to the rule by law, and the genuine substitution of the rule by man with the rule by law is to be realized. As the state's basic law, the Constitution cannot possibly make every right and freedom of the citizens specific, nor detail their scientific research, literary and artistic creation, and other cultural activities. Therefore, it is impossible for the state to improve its administration of the entire undertakings of scientific research and culture. Thus, it is necessary to draw up various specific laws to form a complete set, or to supplement the principled Constitution, such as the news law; the publication law; the copyright law; the invention law; the law for movies and television; the law for academic (cultural) associations (or the law for academic societies); and the law for literary creation. These laws may specifically stipulate the questions of implementation of the "double hundred" policy in detail in each specific field, and state organs will ensure the implementation of these laws. With these specific laws, people may have explicit criteria when conducting their scientific research and cultural activities. Thus the implementation of the "double hundred" policy will be ensured without any intervention or impedance by "leftist" or rightist tendencies.

In his congratulatory speech on behalf of the Central Committee Secretariat, delivered at the fourth Congress of Chinese Writers' Association representatives on 29 February 1984, Comrade Hu Qili said: "It is necessary to strengthen the concept of a socialist legal system. It is necessary to adhere to the principle of letting a hundred flowers blossom, letting a hundred schools of thought contend. Regarding the mistakes and problems which emerge in literary creation, they can only be solved through literary or art criticism. Namely by criticism, discussion and debate, so long as they have not violated the law. We must ensure that those writers under criticism will not be politically prejudiced against, and will be free from penalty or other organizational punishment because of their mistakes or problems. In conducting literary or art criticism, an attitude of equality aiming to help those criticized should be adopted. We should refrain from oversimplifying, being rough, and making unfair and exaggerated criticism, and we should allow counter-criticism."

We can say that the foregoing discussion by Comrade Hu Qili concerns not only the party's specific policies in implementing the "double hundred" policy in cultural and artistic circles, but also the party's basic guiding concept for implementing the "double hundred" policy in the entirety of academic circles. Therefore, this discussion is practically the legislative spirit for drawing up the various specific laws mentioned above.

Based on this legislative spirit, we believe these specific laws should give expression to the following principles:

1. The democratic principle must be adhered to, whether in the academic, cultural or artistic realms. Without academic democracy, and democracy for culture and art, there will be neither academic freedom nor freedom for culture and art. Neither will there be the contention of a hundred schools of thought in the activities of scientific research and cultural creation. Practice has proved that in the academic, cultural and artistic realms, the democratic principle must be adhered to. This is because the method of the lower level subjecting to the higher level is not suitable, because truth is not always in the hands of the higher level. Neither is the method of the minority subjecting to the majority (because new concepts and ideas will only be accepted by the majority after due process). Therefore, the law must start by showing respect to the law governing scientific research and cultural creation, and acknowledging the democratic principle in the academic, cultural, and artistic realms.

2. The principle that "everyone is equal before truth" must be adhered to. In criticism and discussion within the academic, cultural, and artistic realms, no one should enjoy special privilege. Any person, no matter how high his position, no matter what meritorious service he has rendered, and despite differences in nationality, belief, age, and sex, must only act only as an equal of the academic or artistic workers participating in discussing, making speeches, and writing on the discussion and criticism within the academic, cultural and artistic fields, in order to seek for truth through free discussions. All abnormal phenomena such as suppressing others by taking advantage of one's power are forbidden.

3. The principle of freedom for scientific research and cultural creation should be implemented. The principle of freedom within the realm of the Constitution and the law must be implemented whether in academic research or cultural creation.

4. The principle that allowance be given to mistakes in academic research and cultural creation should be affirmed. The lingering fears from the past, and the fears for what the future may bring, have not been entirely solved as a result of the big stick and labelling treatment for erroneous speeches which has existed for a long time. Therefore, we believe that the laws must: Start from the law governing academic, cultural and artistic development; acknowledge that cognition is something to be completed gradually; and give allowance for people to make mistakes. It must: Forbid unfair and exaggerated criticism and arbitrary political labelling; oppose political prejudice against scientific research, cultural and artistic workers; and refrain from arbitrary punishment for those comrades who have made mistakes.

Besides, it is impossible to draw a demarcation line between academic and political questions in the research of scientific socialism, politics, the science of law, and economics in particular. Therefore, the law should not stipulate that "political questions are not to be discussed," in order to ensure the implementation of the "double hundred" policy, and to prevent it from being lashed and interfered with by political campaigns.

We should point out that observance of the Constitution and the law is the obligation of every citizen. Whether it is a leading member, or one under leadership he should strictly observe every stipulation of the Constitution and the law.

Otherwise, he must be punished according to the law. Only then, will it be possible for the genuine and long-term implementation of the policy of "letting a hundred flowers blossom, letting a hundred schools of thought contend."

LIAOWANG URGES RELAXED ENVIRONMENT FOR REFORM

HK150446 Beijing XINHUA Hong Kong Service in Chinese 0127 GMT 15 Jun 86

[Text] Beijing, 15 Jun (XINHUA) -- The commentator of LIAOWANG weekly points out that, to make all-round progress in the reforms now being undertaken in China, it is essential to have a relaxed environment in the whole of society; in particular, democracy should be brought into play and a lively situation created.

The commentator's article carried by tomorrow's edition of LIAOWANG says that now that China has entered a great age of all-round reform, it is essential to mobilize the millions of the people to contribute their ideas and strength and display their initiative and creativity. Only thus can success be achieved in reform. It is therefore particularly necessary that democracy be brought into play and a lively situation created.

The commentator says that as there are no ready-made experiences and methods to follow in reform, it is necessary to mobilize and encourage the millions of cadres and people boldly to undertake exploration, pioneering, and creation. All this cannot avoid being experimental in nature; there will be risks, mistakes are inevitable, and there are bound to be different opinions, viewpoints, ideas, and methods. There can be no reforms if people are not allowed to experiment, if there is fear of taking risks, if mistakes are forbidden, and if different opinions cannot be held.

What is required to create a relaxed and beneficial environment for reform? The commentator holds that the important thing is to truly implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend." The following conditions are also required:

1. Spur and encourage people to work creatively, probe their way ahead, and solve new problems as they are discovered. It does not matter if mistakes occur during the advance. It is fine if lessons are learned and one's ability grows from the mistakes.
2. Learn how to provide correct guidance amid a variety of opinions and how to choose and follow what is good amid this variety, and be skilled in concentrating and implementing the good opinions scattered around. An environment of exploration, pioneering, and creation is an environment of a variety of views. There can be no exploration if silence reigns. Diversity of opinion among the masses is better than ten thousand horses standing mute, since it shows that ours is a lively society.
3. Protect differing views. It is necessary to hold sincere consultations with people whose views deviate or are not completely correct. We must by no means hastily stick labels on people.

There is also another condition: Our minds must be emancipated, and discipline must be observed.

NONGMIN RIBAO ON RURAL PARTY RECTIFICATION, REFORM

HK200227 Beijing NONGMIN RIBAO in Chinese 13 Jun 86 p 1

[Commentator's article: "Party Rectification and Reform Should Complement Each Other -- Answering Readers' Questions on the Relationship Between 'Governing the Party With Strictness' and 'Invigorating the Economy'"]

[Text] In May, the CPC Central Commission for Guiding Party Rectification held two forums in Zhengzhou and Nanjing. The meetings set forth some important principles for the rural party rectification guideline, some major questions that must be solved in rural party rectification, and the relationship between party rectification and reform.

The two meetings pointed out: Rural party rectification should promote reform, help enliven the rural economy, and help develop the productive forces and arouse the peasants' production enthusiasm. At the same time, the meetings pointed out: Rural party rectification should be focused on settling the serious malpractices of cadres at the district, township, and village level. When reform develops to a higher level and the economy becomes more active, it is all the more necessary to govern the party strictly.

When studying the spirit of these two meetings, some party members asked: The meetings emphasized the need to promote reform and enliven the economy and also emphasized discipline and strictness in governing the party, so is there something contradictory between these two sides?

The answer is definitely no. The purpose of party rectification, in the final analysis, is to enhance the combat effectiveness of the party organizations. The work of the rural party organizations is to lead peasants to fulfill the party's central task in the countryside -- to promote reform, enliven the economy, develop the productive forces, and make peasants rich as soon as possible. In this sense, the party rectification should provide an organizational guarantee for reform by strengthening leadership and removing obstacles in people's minds. Reform will in turn help consolidate the party organizations. Concretely speaking, party rectification should achieve the following purposes:

First, rural grass-roots party organizations should be further freed from the "leftist" shackles, and should be able to act correctly according to the party's policies and state laws. They should be resolved to carry out reform by overcoming all obstacles and should serve the masses wholeheartedly. They should really become firm leadership cores in the reform process.

Second, the political and ideological education among party members should be strengthened, and party cadres and members should be required to abide by discipline and law, be honest in performing their official duties, seek benefit for the people, and live up to the people's trust. They should really become a backbone force in leading the masses to free themselves from poverty and to get rich.

Third, rural party cadres should overcome the formalist and bureaucratist work style which may hinder rural reforms. They should establish new ideas and work style, have courage to make explorations and innovations, and develop a new grass-roots work system in line with the needs of reform.

Fourth, the grass-roots party organizations should be freed from the inert state which is not favorable to the development of reform. The inner-party political life should be improved, and party members should be better managed. The party organizations should become real nuclei of the peasant masses, and should be full of vigor in uniting and educating the peasants.

In short, party rectification should serve reform, and reform will certainly promote the consolidation of the party organizations. The image of the party will be greater, the quality of party members will be improved, the combat effectiveness of the party organizations will be enhanced, and party leading cadres will polish their leadership art. All this will provide political, ideological, and organizational guarantees for the smooth development of reform. Therefore, party rectification and reform in fact complement each other, and "governing the party with strictness" and "invigorating the economy" in fact promote each other.

Here, the key is how to correctly understand the concept of "strictness." At present, some rural party members still have misgivings when "strictness" is mentioned. They fear that they may make mistakes in the course of "invigorating the economy." In their eyes, "strictness" means restraining the degree of "invigorating the economy" and "invigorating the economy" means relaxing all controls. Some people even think "strictness" means that people are required to make a living from farmland and talk less about the commodity economy; to talk more about the political objective, and less about material interests; to talk more about becoming rich together, and less about building up individual wealth; to follow rules and conventions docilely and not to carry out reforms and innovations, and so on.

In fact, this is a misunderstanding. The real meaning of "governing the party with strictness" is to require party members to strictly follow the party's policies and state laws to carry out reforms, to enliven the economy, and to get rich. This does not mean that people's initiative is to be dampened. In other words, as long as something is in line with the party policies and state laws and is favorable to reform, we should be bold in exploration and do it. When exploring, we should not be swayed by considerations of gain and loss. On the other hand, we should strictly require party members not to do anything unfavorable to reform and should severely handle those who break the law. At present, some people's serious malpractice of using official functions to seek selfish gains and violating discipline and law has harmed the party's reputation and aroused the resentment of the masses. This has become a major obstacle to reform, and should be taken as the main target of attack in party rectification.

We should seriously study the spirit of the two forums, fully understand their essence, persevere in rural reform, and consistently govern the party strictly. We should courageously do the good things which are favorable to reform, and avoid anything unfavorable to reform. In addition, we should take the initiative in examining and correcting any wrongdoing. We also hope that the rural grass-roots party organizations, when tackling various problems among party members, will correctly draw the lines of demarcation according to the policies and protect people's enthusiasm for reform. Ideological education should be the main way to treat most party members' problems. However, we should resolutely expose and handle the major cases which involve a small number of people who have seriously corrupted the party style. Let us strive for greater achievements in party rectification and reform!

OIL, GAS PRODUCTS COMPANIES IMPROVE WORK STYLE

HK201518 Beijing RENMIN RIBAO in Chinese 18 Jun 86 p 1

[Report: "Beijing Municipal Petroleum Products Sales Company Improves Work Style by Beginning With Its Leading Group"]

[Text] According to BEIJING RIBAO, on the evening of 21 March this year, four automobiles drove to the Fuxing road gas station, which was closed at that time. They started their journey from a place far away from the municipality. Upon hearing that the drivers were in a hurry to complete the journey, a duty worker of the gas station immediately started the pump and refuelled their automobiles. When the drivers thanked him by giving them "555" cigarettes, he determinedly refused to accept the gifts. On the next day, he found a 20-yuan reward on his desk but he delivered the money to the organization. Following party rectification and the correction of unhealthy tendencies, there have been many cases like this in the Beijing municipal petroleum products sales company.

There are 24 grass-root units and some 80 sales outlets, including 40 gas stations, under this company. Over a long time in the past, some departments of this system have developed the "official merchant work style" because "the demand for petroleum products is so great that one does not have to worry about the source of customers." Some units have developed such bad practices as taking advantage of the spot for personal gain, as well as receiving and demanding bribes. Some people abused their power of taking care of gas pumpers and sending out goods. They pocketed a portion of the goods and thus committed crimes.

After party rectification was begun, this company took the correction of unhealthy tendencies as an important part of work. Through repeated serious studies that were carried out in connection with the actual conditions, and through the discussion of the central and municipal CPC committees' instructions on correcting party work style and correcting unhealthy tendencies, the company's leading group realized that most bad practices took place at the grass roots. But they were the result of the company leadership's incorrect guiding ideology toward its operation. In order to correct the party style and correct the unhealthy tendencies, it must begin with the leading organ, particularly the leading group. Only thus could the company make real achievements. In connection with the characteristics of the trade, the staff formulated the "eight regulations on strengthening the self-construction of the leading group" (nicknamed the "eight prohibitions.") The regulations clearly state that members of the leading group must not seek personal gain, be it a small group or individual, under any pretext or excuse. They must not receive gifts which are given in an inappropriate way. On the other hand, for the sake of investigating the specific manifestations of unhealthy tendencies in the trade, the company's members of the leading group and 24 organ cadres, headed by the company's party secretary and manager, went to the grass-root units and held forums. They also solicited opinions and criticism from customers. Then, through discussions and investigation, they listed the major unhealthy tendencies. They also instructed their subordinate units to discuss and deal with them.

Following party rectification, the activities of the company and the trade was improved. Recently, problems such as receiving and asking bribes from customers were no longer found again.

On the contrary, a number of good people and good deeds emerged in which the staff neither asked nor received bribes from customers, and turned down their entertainment offer but enthusiastically served them. When applying for a permit for purchasing gas, an individual household put a hundred yuan note in an envelope, placed it on Liu Baocun's desk in the business section, and said before he left, "I shall come back tomorrow." At that time only Liu was in the office. Upon discovering the envelope, he handed it over to the section head who returned the money to the household on the very next day and solemnly told him, "everything must be handled in connection with policy and 'smoothing the procedure through' bribes is erroneous thinking." Some units have not only corrected the unhealthy tendencies in the trade but have also improved their service. Some gas stations acted in accordance with customers' demands and delayed their closing time. They voluntarily helped customers solve difficulties and sent staff to the gas-consuming units to solicit opinions from them.

Commentator's Article

HK201519 Beijing RENMIN RIBAO in Chinese 18 Jun 86 p 1

[Commentator's article: "Realistically Rectify the Unhealthy Trend of a Trade"]

[Text] In the course of realistically examining and handling major and key cases, to integrate the characteristics of various fronts and trades and to rectify the unhealthy tendencies that spread wide within a trade is the good experience of the Beijing municipality in its work of rectifying party style. The report on the Beijing municipal petroleum products sales company, which is published in today's RENMIN RIBAO, is an example of this.

We have a wide range of fronts and trades which have links throughout the whole society, involving tens of thousands of households. Railway, automobile, post office, shops, restaurants, hospitals, theaters and so on are "windows" through which the people observe society. Usually, the people see the party style and the general mood of society through these "windows." Whether a unit is civilized or boorish, takes a positive or negative view, or is honest or corrupted is by no means the problem of that single unit. Rather, it is an influence on others. An aged woman might compare the treatment she just received on a train with that in the old society. An overseas friend would compare the advantages of socialism with those of capitalism by the treatment he received in a guesthouse. A primary school student would learn how to act politely when getting along with people by seeing the smile of a saleslady in a shop. Similarly, a customer might think about many things by seeing the expression on a saleslady's face. We do not advocate the practice of quickly jumping to conclusions whenever seeing something. However, we cannot but acknowledge that when judging party style and the general mood of society, the people indeed always base their judgments on first hand and personal experience. The behavior of comrades working on various fronts is indeed related to the work style of CPC as well as the general mood of society in socialist China. If everyone agrees to judge the issue by proceeding from this point, why should not we set strict demands for ourselves and do well in our work?

What a pity it is that some comrades working in various trades do not understand the issue in this respect, or do not set demands for themselves. Instead, they make use of the power they have for personal gain, or even blackmail people, demanding them to pay these comrades "the access charges." This kind of unhealthy tendency is also a manifestation of an unhealthy party style.

Various trades are so different from each other that many people take advantage of their office in one way or another, as well as in varying degrees, and use their power to demand things from their clients. Over a long period in the past, this kind of unhealthy tendency in this and that trades made the situation so bad that the masses complained a lot. The people said that if things went on like this, how could we manifest the CPC's goal of serving the people wholeheartedly, as well as socialist China's spiritual civilization?

Beijing is the focus of attention from places across the country. Tens of thousands of people come in and leave the municipality every day. Many people have criticized and complained much about Beijing's "windows." This is also a good thing because it helps the Beijing municipality CPC Committee and government be determined to rectify the unhealthy tendencies. Of course, this is just the beginning. A lot of work still has to be done to clean every "window" in Beijing.

To rectify the unhealthy trend in a trade is a very important part of rectifying party style. The investigation and handling of major and key cases will bring about great shocks. Nevertheless, only a few people committed the crimes. The area they are involved in is therefore limited. If we consolidate the party style by further integrating the trade's characteristics, we shall develop work in an in-depth manner. The unhealthy trend of a trade involves, of course, a wide and comprehensive area. We should rectify it under the leadership of party committees at various levels and in a systematic way. We must not rush headlong into mass action and must not compare figures, progress or scale. What the people ask is practical results rather than any kind of lip service. Every comrade in each trade is, of course, urged to begin with himself when rectifying the unhealthy trend. But the first thing is that the leading comrades of each trade should begin with themselves. They should investigate the unhealthy tendencies they have in their trade, and should find ways for dealing them. On problems concerning the masses, we should focus on positive education and must by no means "let everyone pass." This is the point to which we must pay close attention.

STATE COUNCIL MAKES EFFORTS TO DEVELOP POOR AREAS

OW211353 Beijing XINHUA Domestic Service in Chiense 0644 GMT 19 Jun 86

[Excerpts] Beijing, 19 Jun (XINHUA) -- The General Office of the State Council on 10 June issued a circular to all provincial, autonomous regional, and municipal people's governments and all departments of the State Council on distributing the minutes of the first plenary session of the State Council's leading group for economic development in poor areas. The circular calls for seriously studying and implementing the suggestions made in the minutes on strengthening economic development in poor areas and striving to solve the food and clothing problem for the people in most of the poor areas during the Seventh 5-Year Plan. It calls on the leadership and the rank and file to make common efforts and fulfill this task well.

To strengthen guidance over economic development in poor areas and shake off poverty in these areas as soon as possible, the State Council has set up a leading group in charge of economic development in poor areas. Chen Junsheng, secretary general of the State Council, will concurrently serve as the head of the leading group, while Lin Hujia will serve as its adviser.

The leading group's basic task is to investigate and study; formulate principles, policies, and plans for economic development in poor areas; coordinate to solve important questions in development and construction; supervise and examine work; and sum up and exchange experiences.

Presided over by Vice Premier Tian Jiyun, the first plenary session of the State Council's leading group for economic development in poor areas was held on 14 May 1986. The session pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in China's rural areas. Thanks to rapid economic development, peasant life has markedly improved. However, we must clearly understand that economic development in many localities is uneven. Currently, conditions for production are still poor in some areas, mainly areas where there are ethnic groups; old revolutionary base areas which made tremendous contributions to China's revolution; remote mountainous areas; and settlements around reservoirs. In these areas, the development of social productive force has been slow; their economy and culture are backward; and some peasants still face the food and clothing problem. This is an important economic and social question that we must not overlook.

The session pointed out: Over the past 30 years and more, to help poor areas shake off poverty, the central authorities and party committees and governments at all levels have made great efforts, formulated many preferential policies, provided a lot of funds and materials, and achieved certain results. However, economic development in many poor areas is still slow today. These areas have not changed much, and their economic results are not satisfactory. It is necessary to sum up experience, start with reform and development, and replace the old way of providing relief to poor people and the production policy not suitable for development in poor areas with new economic development. In view of this, the session made the following 10 suggestions:

1. Stop exercising general leadership, adopt a special policy and special measures, and concentrate efforts to solve the problems one after another on the poorest areas. For those poor areas with average annual per-capita income less than 150 yuan, provincial, autonomous regional, and municipal authorities should concentrate manpower and financial and material resources and adopt special policies and measures to shake off poverty in one poor area after another. For those scattered poor townships, villages, and households, local counties should strengthen leadership and adopt corresponding measures including providing aid to key units and promoting mutual assistance. As for work methods, it is necessary to integrate key points and promote work in all areas by drawing upon experience gained at key periods. It is necessary to achieve practical results and formalism should not be practiced.

2. Maintain the principle of adopting measures according to local conditions; formulate principles for economic development of poor areas by seeking truth from facts; foster strengths and circumvent weaknesses; bring superior positions into full play; and improve self-development capacity. In helping to promote economic development in poor areas, we must particularly emphasize developing the commodity economy and boldly opening the road to prosperity by being realistic and emancipating our minds. Currently, it is necessary to develop whatever is suitable and whatever is marketable, fully utilize natural resources, actively develop diversified economy, and set up a rural industrial structure with great variety and potentials for development.

3. Strengthen intellectual development to improve the quality of workers in poor areas. The core of developing poor areas is intellectual development. It is necessary to adopt various measures to invite and train qualified personnel. Currently, the most important work in educational reform in poor areas is adult education for peasants. It is necessary to proceed from the actual conditions of economic development and bring the role of local middle school graduates, demobilized soldiers, and various skillful craftsmen into full play.

4. Actively develop the farm produce processing industry and promote rural enterprises. In poor areas, the processing industry is very weak while rural enterprises are nonexistent or fledgling. Therefore, it is necessary to actively support and show proper consideration for these areas in levying taxes and offering credit loans.

5. Expand diverse circulation channels, improve transport conditions, and invigorate the commodity economy. In order to bring the superior position of poor areas into full play, we must take pains to solve the question of circulation and transportation. State-run businesses, foreign trade departments, and rural supply and marketing cooperatives must actively purchase products and spare no efforts to find a good market for them. In addition, it is necessary to encourage peasants to be purchasers and salesmen and specialized households to engage in transport; and rural trade markets must also be established. It is also necessary to encourage and support coordination between agriculture and commerce, between industry and commerce, and between commerce and commerce, and to widen diverse circulation channels.

6. Actively develop and continuously expand the lateral economic ties between poor areas and economically developed areas. To develop poor areas, we must thoroughly break up the interior-oriented, low-standard, self-cycling state; introduce investment from abroad and establish lateral ties at home; and strive to develop and expand multiform and multilevel lateral economic association with economically developed areas and big and medium-sized cities.

7. Introduce the "sparking plan" to poor areas and bring the tremendous role of science and technology to shake off poverty and become well-off into full play. To develop poor areas, we must formulate a policy, offer technology, and deliver information; offering technology must be the most important. In implementing the "sparking plan" everywhere in the country, we should regard poor areas as the main direction of attack and focal point and make efforts to disseminate and popularize all kinds of applicable scientific and technological achievements centering on today's economic development. It is also necessary to mobilize and organize scientific and technical personnel and skillful craftsmen to go to poor areas to deliver science and technology to peasants there.

8. Reform the use of state funds appropriated to poor areas. Economic development in poor areas calls for a certain amount of funds. However, what is more important is to thoroughly change the way funds are spent irrationally and the simple way relief is provided. We suggest that the provincial, autonomous regional, and municipal authorities consolidate state and local government funds for poor areas, make overall arrangements, and use them in a rational way.

9. Strengthen the building of leading bodies and set up a responsibility system with goals clearly specified. It is necessary to understand still better that to shake off poverty and become well-off is a basic task of all leading organizations and cadres in poor areas. It is necessary to strictly check on cadres and promote them, commensurate with their performance.

10. Mobilize everyone in society to help poor areas shake off poverty. This is a matter of prime importance for the whole party and the whole country. Over the past few years, a lot of good experience has been acquired in many areas. Their experience is worth our learning from. We welcome all circles in society to do their best and adopt different measures to make contributions toward economic development in poor areas.

MEETING URGES DEVELOPING COLLECTIVE ECONOMY

OW230446 Beijing XINHUA Domestic Service in Chinese 1225 GMT 22 Jun 86

[Text] Beijing, 22 Jun (XINHUA) -- Addressing a national congress of staff and workers (members) of light industrial collective enterprises today, State Councillor Zhang Jingfu pointed out that continued efforts should be made now to enliven collective and small enterprises while stressing the invigoration of state-run large and medium enterprises. Light industrial collective enterprises, he added, should continue to implement the reformative measures that have proved effective through practice in the past few years and, at the same time, make ceaseless efforts to improve such measures.

Zhang Jingfu said: The collective economy is one of the economic forms of our country based on socialist public ownership. It is compatible with the development level of our productive force and has great vitality. Development of the collective economy is one of our significant tasks in building socialism with Chinese characteristics and a long-term important policy of our party and state. We must make a serious effort to learn from past experience, draw lessons from it, and resolutely carry out the important guidelines that the party has formulated for developing the collective economy. In accordance with the needs of our national economic and social development, we must strengthen leadership over the light industrial collective economy, encourage and support its development, and create favorable conditions for accelerating the growth of this economy.

In his speech, Zhang Jingfu emphasized: To further develop the light industrial collective economy, it is imperative to persist in making reforms. The reforms centered on the contract responsibility system that we introduced to the light industrial collective economy over the past few years have produced fruitful results. During the Seventh 5-Year Plan, we must persist in making intensive reforms on the basis of summing up experience and consolidating achievements. The reforms should be focused on enlivening the enterprises. It is necessary to stabilize, develop, and gradually institutionalize and improve the various economic contract responsibility systems and continue to explore new ways of making reforms to meet the requirement of running enterprises in line with the general and characteristic nature of the collective economy. Governments at all levels and all departments concerned must create external conditions for enlivening the enterprises and give them necessary support by implementing special policies that are favorable to them. With regard to the advanced individuals in collective enterprises who insist on making reforms, we must warmly support them, be concerned about them, help them, and protect their initiatives so that the reforms will progress in a healthy way.

In addition to the above, Zhang Jingfu said: The key to success in developing the light industrial collective economy lies in the policy. In leading the work of readjusting and reforming the management system of this economy, we must consider its characteristics and try to avert the problems of uncoordinated work and incapable management, which would bring unnecessary losses to our collective economy. Moreover, we must persist in treating collectively owned units and their staff members and workers in the same way as state-run units politically and economically.

Bo Yibo Addresses Meeting

OW221814 Beijing XINHUA Domestic Service in Chinese 1320 GMT 22 Jun 86

[By RENMIN RIBAO reporter Mo Xinwu and XINHUA reporter Wu Jincai]

[Excerpts] Beijing, 22 Jun (XINHUA) -- The third national congress of staff and workers (members) of light industrial collective enterprises opened today in Beijing. Zhang Jingfu extended the State Council's greetings to the congress.

This year is the 30th anniversary of the successful completion of socialist transformation of China's handicraft industry. Bo Yibo attended the opening ceremony of the above congress and delivered a speech. After reviewing the several decades' history of the development of China's handicraft cooperatives, he pointed out: Light industrial collective enterprises now have a certain foundation. They are a major component of our light industry and backbone force of the city and town collective economy. During the Seventh 5-Year Plan, we should see to it that the light industrial collective economy develops steadily; that the relations within and without the enterprises are further straightened; and that new breakthroughs in product quality, variety, and quantity are commensurate with consumer needs and export requirements.

He stressed that during the Seventh 5-Year Plan, strenuous efforts should be made to reform the economic structure, upgrade technology, and improve product quality rather than blindly seeking a high development speed; otherwise there will be no sustained progress. Bo Yibo also put forward the demands that the position and role of the light industrial collective economy be properly recognized, that all-out efforts be made to support and lead this economy, and that good work be done to reform the management system of light industrial collective enterprises and to strengthen their contingents of staff and workers.

The current congress is a grand meeting after the second national congress of members (staff and workers) of handicraft cooperatives held in 1963. Attending the congress are more than 600 formal delegates representing the 7.45 million staff members and workers of the light industrial collective enterprises throughout the country.

Hao Jianxiu, Lu Dong, and other leading comrades were also present at today's session.

STATE COUNCIL REVISES REGULATION ON AWARDS

OW121724 Beijing XINHUA in English 1522 GMT 12 Jun 86

[Text] Beijing, June 12 (XINHUA) -- A Chinese worker may receive 4,000 yuan as an award for a rationalization proposal, according to a revised State Council regulation released here today.

The regulation provides that a person may receive 2,500 to 4,000 yuan for a proposal resulting in an economic benefit of more than one million yuan in a period of one year. The award for a proposal bringing a benefit of more than half a million yuan is 1,500 to 2,500 yuan.

The money awards of five grades are 50 to 150 percent higher than those set by the original version announced four years ago.

An official from the State Economic Commission said that the state has decided to raise the amount of money awards to encourage enterprise workers to make proposals on improving management or technical renovations.

"In the economic and science and technology reforms, workers have become the real masters of the enterprises and they have raised more proposals in the past two years than ever before," he said.

But "the original regulation only covered proposals for improving specific techniques but failed to mention those for updating management or using the latest scientific and technological findings," he said.

"The monetary awards were too small as well," he added.

All enterprises will set up evaluation committees to decide the amount of economic benefits resulting from a proposal and the amount of prize money, according to the new regulation.

Enterprise managers who offer suggestions for improving efficiency will have their contributions assessed by the official departments concerned.

CIRCULAR URGES RURAL YOUTH CENTER CONSTRUCTION

OW200529 Beijing XINHUA Domestic Service in Chinese 0810 GMT 19 Jun 86

[Excerpts] Beijing, 19 Jun (XINHUA) -- The Propaganda Department of the CPC Central Committee and seven other units recently issued a joint circular asking all localities to mobilize the rural sectors to strengthen the building of the "homes for youth" and other cultural activity centers to make socialist ideology and culture prevail in the countryside.

The circular on strengthening the building of "homes for youth" was issued by the Propaganda Department of the CPC Central Committee, the CYL Central Committee, the Ministry of Agriculture, Animal Husbandry and Fishery, the Ministry of Culture, the Ministry of Radio and Television, the State Education Commission, the State Physical Culture and Sports Commission, and the All-China Women's Federation. The circular points out: Along with the deepening of rural economic reform, the peasants, and especially rural youths, are beginning to have new and greater spiritual and cultural needs.

In the past few years, under the leadership of party committees at various levels and with the support of various departments, many localities have speeded up the development of the "homes for youth" and other cultural activity centers by incorporating them in plans for building civilized villages (towns). In some provinces and municipalities, over 60 percent of the villages have set up youth cultural centers. These centers are attracting more and more rural youths and have taken an important place in the construction of socialist spiritual civilization in the countryside. However, development is uneven nationwide and cannot keep up with construction of socialist material and spiritual civilization in rural areas. A considerable portion of the countryside lacks cultural facilities, and the young peasants there are unable to enjoy an adequate cultural life. In a number of places, feudal superstition and gambling have become prevalent, and materials propagating sex and violence, and other products of vulgar taste have made their way into the countryside. This has seriously harmed the physical and mental health of rural youth.

The circular asks all localities to fully understand the importance of and need to build rural "homes for youth," approaching the task as a concrete step in building socialist spiritual civilization in the countryside.

The circular asks all localities to work hard to make "home for youth" a political and educational front, a classroom for learning science, technology, and the liberal arts, a window for the exchange of information on how to prosper, and a place for entertainment and sports. As an ideological education front, the home should try to educate the peasants in the current situation and tasks, the party's policies, and communist ideology, to organize young peasants to contribute ideas on building socialist material and spiritual civilization, to promote civilized village ethics, to disseminate legal knowledge, to oppose feudal superstition and gambling, and to stop arranged and mercenary marriages, wasteful wedding ceremonies, and other outdated customs. As a classroom for learning science, technology, and the liberal arts, it should introduce and disseminate advanced, practical production technologies, conduct spare-time learning activities and technical training, and popularize science. As a window for information exchanges, it should subscribe to various newspapers and periodicals for villagers to obtain commodity information, and it should organize the exchange of experience in commodity production and business operations, explore ways to develop production and operations, sponsor discussions and make suggestions on prosperity measures suitable for local conditions. As a place for entertainment and sports, it should set up television or entertainment rooms, based on local conditions, conduct healthy entertainment and sports activities from time to time, organize colorful, popular theatrical performances and games during slack farming seasons and holidays, set up newspaper, magazine, and book reading rooms, organize reading and book review activities among youths, as well as various hobby groups.

CHEN GUANGYI, HU PING DISCUSS FUJIAN AGRICULTURE

OW172359 Fuzhou FUJIAN RIBAO in Chinese 8 Jun 86 p 1

[Dispatch by reporter Chen Xicong]

[Excerpts] A meeting of agricultural bureau directors of prefectures, cities, and some counties of Fujian Province closed on 7 June. The meeting was held by the Fujian provincial department of agriculture. This reporter learned from the meeting that the provincial party committee, attaching great importance to present agricultural production, was briefed on the meeting's proceedings, and it put forward important opinions on how to promote agricultural production.

During the briefing, Comrade Chen Guangyi emphasized: We should never slacken our efforts for agricultural production and must work in accordance with the guidelines of the Central Document No 1. We should comprehensively implement the principle of "never relaxing efforts to increase grain production and develop a diversified rural economy." We should steadily increase grain production, further exploit mountain and marine natural resources, and make the diversified rural economy develop better.

Comrade Hu Ping emphasized the need to pay attention to this year's grain production and diversified undertakings. He particularly pointed out: Leading cadres at all levels should correctly appraise the situation of the agricultural front and should not be unrealistically optimistic. In order to increase agricultural production this year, we must make great efforts.

The meeting of agricultural bureau directors studied the opinions of the leading members of the provincial CPC Committee and the provincial government and analyzed the situation of Fujian's agricultural production in the current season. Generally speaking, the early rice crop this year is growing more promisingly than last year's. However, the task of fulfilling this year's grain production plan is very arduous, because the output of spring crops decreased, this year's planting plans for wheat, barley and early rice were not completely fulfilled, and the possibility of natural disasters must be taken into account. The participants deemed it necessary to plant additional crops, practice interplanting, plant autumn grain now, and strive to plant more in order to harvest more.

HAN PEIXIN ADDRESSES THEORETICAL WORK FORUM IN JIANGSU

OW230626 Nanjing XINHUA RIBAO in Chinese 14 Jun 86 p 1

[Speech by Han Peixin at the Forum of Theoretical Workers on 12 June 1986 -- XINHUA RIBAO headline]

[Excerpts] Today, the Jiangsu Provincial CPC Committee has invited the theoretical workers in Nanjing to attend this forum. This forum aims primarily at hearing the ideas and views of the comrades in the theoretical field. Let us discuss how to further develop theoretical work in Jiangsu and help it meet the needs in carrying out reforms and construction work.

First of all, what has Jiangsu accomplished in doing theoretical work in the past few years? I believe Jiangsu has attained remarkable achievements in doing theoretical work.

Those comrades in the field of theoretical study have done a great deal of work. In the past several years, Jiangsu has witnessed a fine situation in economic work and made initial progress in carrying out reforms. Naturally, all this is inseparable from the strenuous efforts made by the comrades in the field of theoretical study.

The broad masses of theoretical workers are extremely concerned over the developments in carrying out economic construction and promoting reforms. They have carefully studied and explored the new situations and issues in the course of practice, and theoretically epitomized the new experiences created by the masses. They have scored remarkable achievements in this regard. The province's contingent of theoretical workers is being expanded. The number of young and middle-aged theoretical workers is rapidly increasing. Our practice in carrying out reforms and promoting the modernization program has greatly stimulated the study of theories in the province. This is the main aspect.

However, our comrades have also realized that in order to meet the present needs in carrying out reforms, opening the country to the outside world, and developing the modernization program, our theoretical work still lags behind, we are still not active enough in theoretical study, and we still lack major achievements in the study of theories and in putting such theories into practice. We are determined to change the situation of theoretical study's lagging behind practice. In the past, the provincial CPC committee paid little attention to theoretical work. It very seldom contacted comrades in the theoretical field to discuss issues. From now on, it is necessary to improve this situation. The provincial CPC Committee has decided to further strengthen its work in the realm of ideology, and regard its efforts in this regard as something important in developing spiritual civilization. This is the first point of view I wish to mention.

The second point of view I wish to mention concerns the relations between theoretical work and reform. Our on-going reform has not only proposed new themes and imposed higher demands on the theoretical workers, but also provided rich soil and fine conditions for nursing and developing theories. Since the 3d Plenary Session of the 11th CPC Central Committee, we have gradually extended our reform from the rural areas to the cities, scoring tremendous achievements. The various achievements made in our province in economic construction and social development are inseparable from our efforts in carrying out reform. Comrade Deng Xiaoping has repeatedly pointed out that reform is China's second revolution. In the course of bringing about profound changes, our reform will inevitably affect economic relations and the interests of all sectors of life in society, and greatly influence people's behavior, concepts, mentality, human relations, and mode of life. If we fail to handle the situation well, there will be problems of one kind or another as well as risks. All this calls for our efforts to carry out theoretical work even better.

The third point of view I wish to mention here is that I wish to take this opportunity to discuss some issues with the comrades in the theoretical field. Those issues are ones we have encountered in the course of carrying out reform and developing the two civilizations. I wish to invite the comrades in the theoretical field to join their efforts in studying and discussing these issues.

In carrying out reform and construction, we need theoretical guidance. First of all, we need the guidance of Marxism. Here we have the issue of how to persistently advocate and develop Marxism.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has conducted brave explorations in building socialism with Chinese characteristics and made creative contributions to enriching and developing Marxism. In what way can our theoretical workers epitomize and elucidate all these explorations and contributions accurately and in an overall manner? How can we theoretically summarize and epitomize what was created by the masses and proven by practice as correct in the course of carrying out reform and developing the modernization program? Also, how can we theoretically epitomize the new ways we have found and the new experiences we have accumulated in developing township industries, building small townships, and promoting lateral economic ties?

The fourth point of view I wish to mention involves the study of theories. At the national party conference held last September, Comrade Deng Xiaoping stressed the significance in the study of Marxist theories. He called on the whole party to "study basic Marxist theories in light of the new situation." With regard to this issue, our leading comrades must take the lead in studying Marxism well, and must create a pleasant atmosphere for studying Marxism. We must repeatedly study some basic Marxist works and some major works written by Comrade Mao Zedong. We must also study Marxist theories in close connection with our new experiences in order to continuously raise our standards for theoretical work and improve our ways of thinking and our work methods. Also, the important documents made public since the 3d Plenary Session of the 11th CPC Central Committee and the important speeches made by central leading comrades should be considered Marxist works. We must conscientiously study them.

We have understood the situation well and learned a great many things at this forum. From now on, we will adequately hold more forums like this one. We also welcome comrades to continue to express their views and offer their suggestions to the provincial CPC Committee through various channels and in various forms. I believe that through our common efforts, we will definitely be able to further develop and promote our theoretical work and our socialist material civilization and spiritual civilization vigorously.

SHANGHAI JIAOTONG UNIVERSITY MARKS 90TH ANNIVERSARY

OW092220 Shanghai City Service in Mandarin 0000 GMT 9 Jun 86

[Text] According to our reporter Jiang Xiaoqing, over 20,000 people, comprising alumni from home and abroad, faculty members, and students of Shanghai's Jiaotong University, gathered in high spirits yesterday morning at the Square of Democracy on the campus for a ceremonious meeting to mark the 90th anniversary of this university's founding.

Ulanhu, Lu Dingyi, Zhang Aiping, and Rui Xingwen wrote inscriptions for the occasion.

At the meeting, Mayor Jiang Zemin, as an alumnus extended warm greetings to this university on behalf of the municipal CPC Committee and government. He spoke highly of the remarkable achievements made by the university in reforming its education system, training competent persons, and conducting scientific research. He said the primary task of university education is to cultivate students into new people who have high ideals and moral integrity and who are well educated and self-disciplined. Bold steps should be taken to change all thoughts, contents, and methods of education that are incompatible with our socialist modernization program.

It is imperative to change the old tradition practice of divorcing education from the economic work in society and the old traditional outmoded criteria for defining competent people and, instead, uphold the viewpoint which emphasizes cultivating the students' intelligence and skills.

The precursor of Jiaotong University in Shanghai, Nanyang Public Institute, was founded in 1866. During the 90 years since then, as many as 46,000 people graduated from its various departments, and some 1,000 from its graduate schools. In particular, since 1978 when reform of the education system began, both the educational and scientific research work of this university have taken on a new look. In scientific research alone, it has accomplished some 1,400 research projects. Among them, more than 300 have won awards from the state, from ministries or commissions at the central level, or from departments at the provincial or municipal level. Now Jiaotong University has been included as one of the key units in the state construction program.

Yang Haibo, vice minister of the State Education Commission, who had made a special trip to Shanghai for the occasion, also addressed the meeting and extended congratulations.

Other municipal leaders attending the ceremony were Wu Bangguo, Wang Daohan, Chen Tiedi, Mao Jingquan, Zhao Zukang, Yang Kai, and Yang You.

The meeting was followed by the unveiling of the statues of (Sheng Xuanhuai) and (Tang Wenzhi), founder and 14th president respectively of Jiaotong University in Shanghai.

SHANGHAI INCREASES NEW TECHNOLOGY APPLICATIONS

OW181306 Beijing XINHUA in English 1122 GMT 18 Jun 86

[Text] Shanghai, June 18 (XINHUA) -- Shanghai, China's biggest industrial center, is taking steps to put new technologies into production, according to a local official. The municipal government has designated micro electronics, new materials, bio-engineering, optical-fibres, lasers, marine engineering and robotics as its key development fields.

So far, Shanghai has promoted the use of 13,000 micro computers in metallurgy, light, chemical, machinery and textile industries, and in post and telecommunications, transport, radio and television.

When a 256-line computer-controlled cable transmission system was put into operation, the average time for each cable was shortened to three minutes from 37, and the fault rate was greatly cut, the official said.

The Shanghai institute of silicate research under the Chinese Academy of Sciences together with six other research institutions and some factories have promoted the utilization of research results in optical-fibre telecommunication technology. The city can now produce terminals and optical components. Optical-fibre telecommunication systems have been used in the city's urban telephone service, power industry, radio, television, public security and transport.

Shanghai is also establishing a number of new technology experiment and development centers. Cooperating with the Chinese Academy of Sciences, such centers are being built for biological engineering, new chemical materials, large-scale integrated circuits and application of radiation technology in keeping vegetables fresh.

GUANGDONG COMMENTARY URGES STIMULATING PEASANTS' ENTHUSIASM

HK210457 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 21 Jun 86

[Station commentary: "Fundamentally Stimulate the Peasants' Enthusiasm for Agricultural Work"]

[Text] In recent years, large number of laborers in parts of Guangdong have poured into township enterprises, where income is relatively high. This is particularly the case in the Zhu Jiang Delta, where such enterprises are more developed. They are unwilling to engage in agricultural production, where income is relatively low.

This situation shows that there are indeed backward points in current agricultural production. For instance, there is the practice of sticking to one seed strain for many years; technology in dealing with plant diseases and insect pests is weak; production costs are high and economic results low. These things affect the peasants' enthusiasm for agricultural work.

The experience of (Lesu) District in Shunde County in popularizing advanced technology, improving the conditions for agricultural production, and raising agricultural economic results is therefore a fundamental measure for stimulating the peasants' enthusiasm for working in agriculture, and should be recommended.

SINO-FOREIGN JOINT VENTURES THRIVE IN GUANGZHOU

HK190804 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0240 GMT 13 Jun 86

[Text] Guangzhou, 13 Jun (ZHONGGUO XINWEN SHE) -- There are now 471 Chinese-foreign joint ventures and cooperative enterprises in Guangzhou which have obtained business licenses, a 100 percent increase over 1984.

Of these enterprises, the number of large and medium-sized projects has markedly increased and the number of productive projects has risen year by year. Before 1984, investments amounting to more than \$5 million were concentrated on a small number of projects such as guest houses, large buildings, residential houses, and the Guangzhou-U.S. Food Company. Over the past 2 years, however, in addition to the tertiary industries, which have continuously developed, there have been 13 industrial and agricultural projects with an investment amount of more than \$5 million each. The investment amounts of eight of them are about \$10 million or above. For example, the total investment amount of the Guangzhou Peugeot Automobile Company using Chinese and French capital is \$180 million. The number of productive projects exceeds 60 percent of the total.

A growing number of foreign businessmen have come to Guangzhou to make investments. The areas from which foreign capital is introduced have spread from Hong Kong and Macao to Southeast Asia, Europe, the United States, Japan, and other regions. Of the contracts signed last year, the investment amount of foreign businessmen accounted for one-third of the total.

Most of the Chinese-foreign cooperative enterprises which have gone into production or started business have attained quite satisfactory economic results.

According to incomplete statistics, most of the 233 Chinese-foreign joint ventures and cooperative enterprises which have gone into production or started business are operating at a profit. Last year they made a total profit of more than \$30 million and exported goods valued at about \$20 million.

SHENZHEN ECONOMIC DEVELOPMENT STRATEGY, POLICY OUTLINED

HK191324 Beijing JINGJIXUE ZHOUBAO in Chinese 8 Jun 86 p 1

[Report by Guo Yanchun: "Meeting on the Strategy for Developing the Shenzhen Special Economic Zone Held in Beijing"]

[Text] A meeting on the strategy for developing the Shenzhen Special Economic Zone was held in Beijing on 24 May. Present at the meeting were Yu Guangyuan, Qian Jaiju, Huan Xiang, Fan Muchao, Ji Chongwei, Xue Baoding and other experts and scholars. The meeting specifically discussed two questions.

First, the orientation of opening up to the outside world for the Shenzhen Special Economic Zone: Many scholars hold that the outward orientation is correct because it is a basic feature of distinguishing between the special economic zone and other areas. The policy of outward orientation should include: 1) the special economic zone must be geared to the capitalist world, and particularly to develop countries; 2) the funds for construction of the special economic zone should basically be foreign investment funds; 3) production in the special economic zone should be mainly export-oriented and there must be a balance between income and expenditure of foreign exchange.

Second, the selection of production structure in the special economic zone: Participants in the meeting believed that the key to the question lies in how to handle the relationship between industry and trade. Practically, there are two different points of view. Comrades who advocate "giving first place to industry" believe that only when priority is given to industry, and efforts are made to develop modern technology industry and build strong industrial bases, will it be possible to make full use of the role of importing advanced technology and management knowledge, and lay a solid material foundation for trade and economic development in the special economic zone. Only then will it be possible to make up for shortages of natural resources, technology and trained people. However, comrades who advocate "giving priority to trade" believe that Shenzhen should make vigorous efforts to promote import and export trade, as well as entrepot trade, in order to build itself into a large commercial city between China and other countries and develop into a trade center of our country which lays stress on the export and entrepot trade, as well as a shopping, financial, and tourist center.

DEMOCRACY IN SHENZHEN'S SHEKOU 'AID' TO SUCCESS

OW211150 Beijing XINHUA in English 0625 GMT 21 Jun 86

[Text] Beijing, June 21 (XINHUA) -- The democratic polling system practised in the Shekou industrial area close to Hong Kong is a crucial aid to its future success, a senior Shekou official was quoted as saying today. Sheko is part of the Shenzhen [special] Economic Zone in Guangdong Province, where investors from Hong Kong, Macao and overseas enjoy preferential treatment such as low tax rates.

Yuan Geng, chairman of the area's Administrative Committee, said in an article in today's "GUANGMING DAILY": "In this area, a high level of socialist democracy is the key to the implementation of the open policy and economic reforms." "To achieve a high level of democracy," he said, "the people should have the right to elect, supervise and recall officials."

He said Shekou was particularly suitable for the practising of democratic voting because it was economically developed and its administrative efficiency was high. Its residents were well educated and had a good concept of democracy. "We've followed the practice of promoting officials through public polls within the area since 1982," he said. "Workers can decide through ballots on the promotion or demotion of officials." This had removed the "iron chair" -- or life tenure -- of leading officials, and encouraged efficiency.

Members of the Administrative Committee, Shekou's top tier of local government, are elected by secret ballot every two years. The area's 15,000 residents over the age of 18 choose the nine committee members from a larger list of candidates. In addition, electors cast "trust" votes every year for the nine representatives. Any committee member receiving majority disapproval from the voters must stand down.

Yuan said two committees had so far been elected by secret ballot, and a draft election law had been passed. In April, all members of the second committee won majority trust in a poll and kept their seats.

"Our committee frequently holds press conferences to answer questions about enterprise management and the area's administrative and economic results," he said. "We encourage academic organizations to comment on our committee's policies and measures, and the masses to criticize leaders by name."

Sixty-eight percent of the local work force is engaged in the manufacturing industry.

HAINAN: COMMENTATOR'S ARTICLE ON LESSONS OF LIN TAOSEN CASE

HK230519 Haikou Hainan Island Service in Mandarin 0300 GMT 22 Jun 86

[Report on 21 June NANFANG RIBAO commentator's article: "Deep Thoughts Aroused by the Heavy Sentenced Passed on Lin Taosen"]

[Excerpts] Lin Taosen, former member of the Standing Committee of the Hainan Regional CPC Committee and director of the Organization Department, engaged in criminal activities during Hainan's large-scale import and resale of automobiles for profit. He degenerated from a leading cadre shouldering heavy responsibilities into a speculator committing serious crimes, for which he has been sentenced to life imprisonment by the judicial organs. Following this heavy punishment, people must inevitably ponder deeply what this case shows and what profound lessons should be drawn from it.

The Lin Taosen case occurred under conditions of reform and opening up the world. It profoundly shows that an environment of peace with merry songs and dances is just as severe a test as an environment of war with roaring guns and a hail of bullets. So many people who were not felled on the battlefield were hit by sugar-coated bullets in peacetime.

This was because they were always highly vigilant against armed enemies but relaxed vigilance and became apathetic with regard to decadent exploiting-class ideology in an environment of peace.

Lin Taosen was an old cadre who joined the CCPC in 1941. He joined the Qiongyai Column when he was 13. The crimes he committed amid a peaceful environment profoundly show that if an old cadre who has undergone party education for many years abandons political studies, neglects ideological remolding, and replaces faith in communism with worship of capitalism, he may degenerate amid the new conditions of opening up to the world and invigorating the domestic economy, and turn into a criminal. Lin Taosen precisely evolved from ideological wavering into political degeneracy. Hence, our old cadres and old party members must certainly not give themselves a privileged position on the question of ideological remolding.

The facts of Lin Taosen's crimes show yet again that turning the powers in one's hands into a means for pursuing private interests is a marked characteristic of current criminal activities in the economic sphere. This is an outstanding problem.

In January 1983, Wang Zhong, former secretary of the Haifeng County CPC Committee in Guangdong, paid the supreme penalty for bribery and corruption. More than 3 years later, Lin Taosen, former member of the Standing committee of the Hainan Regional Taosen, former member of the Standing Committee of the Hainan Regional CPC Committee and director of the Organization Department, has been sentenced to life imprisonment for speculation. It is evident from this that no matter how strict the law, there will always be people who want to try their luck against the law. There is nothing strange about this, because we are in a great flood-tide of opening up and reform, and every time such a tide comes, it brings a mixture of good and bad. To open up to the world and enliven the domestic economic is our basic national strategy. After the dregs and dross have been washed away, the great flood-tide will roll on with even more grandeur, and reform and opening up will develop still more healthily.

HENAN GOVERNOR ON PLANT MANAGER, PARTY SECRETARY RELATIONS

HK140611 Zhengzhen Henan Provincial Service in Mandarin 2200 GMT 13 Jun 86

[Excerpts] Governor He Zhukang inspected work in Anyang City from 8 to 11 June. He stressed that it is essential to persevere in reform, manage the enterprises with strictness, and promote industrial production.

He Zhukang said: All urban work must be closely centered on economic construction. In the final analysis, work performance must be judged by the development of production and the improvement of economic results. We are opposed to one-sided pursuit of output value and growth. However, we must have the guiding idea of ever striving upward. We can produce more if there are sales outlets for our goods and sources of raw materials.

Apart from visiting Anyang, He Zhukang also inspected work in Xinxiang and Hebi, focusing on questions of industrial production and practicing the plant manager responsibility system. His inspection lasted 9 days. In light of various experiences and lessons, He Zhukang advanced a number of views on correctly handling relations between the plant manager and the party committee secretary.

He said: Practicing the plant manager responsibility system is the decision of the central authorities and marks a major reform in the leadership setup of China's enterprises.

We must correctly understand and practice the party committees' role as guarantee and supervisor. At present the main thing is to persevere in reform and ensure that plant manager responsibility system is practiced. This is an extremely important reason why the system has been practiced relatively well in a number of large and medium enterprises.

It is necessary to draw up specific regulations regarding division of responsibilities between the plant manager and the party secretary, together with their work systems and policymaking procedures. We should gradually systematize and legalize these things.

The Behi City refractory materials plant and other units have drawn up work regulations for the plant manager, party secretary, and workers' congress. Anyang City has proposed three divisions and three unities: division of responsibility and unity of thinking; division of work and unity in aim; and division of system and unity in relations. These are good methods to refer to.

An enterprise is an entity. It is essential to have an integrated set of work systems for its party and government organs. We cannot have two carts travelling side by side, each with its own system. At present there are still two sets of structures in many enterprises. Apart from duplication, there is also buck-passing and a great deal of wasted energy. The two sets should be merged into one and be responsible both to the plant manager and the party secretary in accordance with division of work.

The secretary should support a decision taken by the manager within the framework of the powers given the latter by the state. If there is a difference of opinion, the secretary should still respect the manager's decision, so long as the question is one of principle. If there is a difference of views on major issues, a party committee meeting or a plant management committee can be held to discuss the matter; or else it can be referred to the upper level for a decision.

Both the plant manager and the secretary must put reform and production in first place. They must also have more contacts and consultations with each other. They must respect each other. The secretary must be broad-minded and spontaneously switch from his policymaking status to the role of guarantee and supervisor. On the other hand, the plant manager must correctly exercise his powers, and rely on the party committee and the plant management committee. He must be skilled in coordinating the wisdom of everyone to do his work well. The plant manager must take a correct view of the opinions of his comrades and the investigations carried out by the upper-level departments.

He Zhukang pointed out: At present the various relationships involved in practicing the plant manager responsibility system have not been harmonized well. The leading departments must take a positive attitude in investigating and analyzing the problems and help to solve them. This is an important task in service work.

SHANXI FORUM DISCUSSES MALPRACTICES IN CADRE SELECTION

HK210316 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 20 Jun 86

[Excerpts] The Organization Department of the provincial CPC Committee recently held a forum of prefectural and city CPC Committee Organization Department directors to discuss the further implementation of the CPC Central Committee's instruction on selecting and appointing cadres in strict accordance with the party principles.

Lu Gongxun, member of the Standing Committee of the provincial CPC Committee and director of the Organization Department, spoke on a number of major things to be grasped in organization work in the second half of the year. He stressed that we must continue to investigate and deal with malpractices in cadre selection and appointment and promote a fundamental turn for the better in party style.

He said: The party organizations and the organization and personnel departments must continue to implement in depth Central Document No 4, the CPC Central Committee instruction on strictly acting according to party principles in selecting and appointing cadres, and the Shanxi Provincial CPC Committee's Document No 22, on serious implementing Central Document No 4. We must get a still better grasp on checking on and correcting malpractices in cadre selection and appointment. We must overcome fear of difficulties, strengthen confidence, and boldly tackle tough problems. We must deal severely with people who, on the cadre employment question, engage in malpractices and favoritism, pursue factionalism, and even abuse their powers. Those who are not suitable for work in the organization and personnel departments must be transferred elsewhere.

SHANXI COMMENTARY STRESSES MERIT APPOINTMENTS, NOT FAVORITISM

HK210314 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 20 Jun 86

[Station commentary: "Persevere in Appointing People on Merit, Oppose Appointing People by Favoritism"]

[Excerpts] Whether in personnel work to persevere in appointing people on their merits and pursue great unity or to appoint people by favoritism and organize small cliques represents a crux in the frequent appearance of contradictions within the party. If this problem cannot be correctly viewed and handled, it will affect the unity of the leadership groups and the cadres, and will also have an adverse impact on the selection of talented people.

As a result of bringing order out of chaos in recent years, the party committees at all levels are able to implement the Central Committee's line of organization work. However, a few leading cadres lack sufficient awareness and do not perform well enough in this respect. For instance, when recommending and selecting cadres, certain people always focus on the small cliques with which they are familiar, introducing old fellow provincials, fellow students, fellow subordinates, and so on. They simply want to select such people regardless of whether or not they meet the criteria. Some comrades draw demarcation lines according to factions and gangs; they cannot praise enough those who belonged to the same faction or gang as them, while describing as shortcomings the strong points of people who belonged to other factions or gangs. Some even insert sons, daughters, and relatives in the leadership groups or important work departments who are fundamentally unsuitable for the posts [words indistinct].

As a result, contradictions are always being caused between comrades who uphold principles and comrades who appoint people by favoritism. Unprincipled disputes also break out among them, and they have no common language on the question of personnel appointments. This has a serious impact on our proper employment of cadres.

It must be pointed out that to draw demarcation lines according to family relationships or factions and to cultivate personal forces is a wrong method of handling cadre issues. Cadres are all party cadres, and cannot be divided into yours and mine. Lower-level cadres should not seek defenders and backers and regard themselves as belonging to a particular person. Cadres are promoted by the party organization, and should not be regarded as being promoted by any particular person.

The most fundamental thing in handling contradictions over the cadre issue is to uphold the party's cadre line of appointing people on their merits and oppose appointing people by favoritism. This demands that certain comrades eliminate the backward, obsolete, feudal and patriarchal ideas in their minds. It is also essential to eliminate the remnants of factionalism.

We must broaden our vision with regard to promoting talented people and focus on able cadres who are not familiar to us instead of only looking at the small clique that we know. We must implement the Central Committee's criteria and procedure for selecting and appointing cadres. The masses should recommend them, the organization should examine them, the party committee should study the matter collectively, and things should be decided in line with the jurisdiction over cadre management. We must also enforce strict organization work discipline. We must by no means indulge people who pay no heed to this discipline and abuse their powers on the cadre issue. They must be criticized or punished as appropriate.

Only by doing these things can we speak a common language on the cadre issue and eliminate a point at which contradictions in the party become acute.

SHANXI: CRACKING DOWN ON ECONOMIC CRIME EMPHASIZED

HK220243 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 21 Jun 86

[Excerpts] A provincial conference on cracking down on economic crime concluded in Taiyuan on 21 June. The meeting stressed that it is essential to have a correct view of the situation, mobilize the whole party and people for a general battle, vigorously tackle major and important cases, and produce tangible results.

Wang Jiangong, deputy secretary of the provincial CPC Committee, spoke at the meeting. He said: We must focus on investigating and dealing with major economic crimes committed by party and state work personnel, especially cadres at and above county-level. In this work, the party committees, discipline inspection commissions, and political and legal work departments must take an upright and firm stand in breaking through relationship networks, and resolutely dealing with the cases in accordance with party discipline and state law. They must certainly not discard principles and, still less, protect offenders.

The current phenomenon of weakness and ineffectiveness in tackling major and important cases, which exists in a few places, is caused by failure to strictly enforce the law [words indistinct]. Such cases must be investigated and tackled without exception, no matter where they occur and which units and persons are involved. We must certainly not be short-handed in this matter.

KMT, NONPARTISAN LEGISLATORS EXCHANGE VIEWS

OW250405 Taipei CNA in English 0232 GMT 25 Jun 86

[Text] Taipei, June 24 (CNA) -- Seven Kuomintang and nonpartisan legislators dined together Tuesday noon for the first time to increase their mutual understanding and exchange views on matters of mutual concern.

Political observers in Taipei said they believe the holding of such a gathering will help reduce misunderstandings and ease tension between the two groups of legislators in future sessions of the Legislative Yuan.

The gathering has attracted wide attention from people in this nation because it was held after the third communication meeting between three deputy secretaries general of the KMT Policy Coordination Committee and seven members of the Nonpartisan Public Policy Research Association was shelved early this month.

Participants in the luncheon stressed that they attended the gathering mainly to welcome nonpartisan legislator Hsu Jung-hu, who has just returned from a visit to the United States and to extend congratulations to KMT legislator Hsiao Tien-tsan who has been appointed a minister without portfolio, and they denied any political implications involved in such a gathering.

The three KMT legislators who attended the luncheon were Liang Su-jung, Hsiao Tien-tsan and Chou Mu-wen, and the four nonpartisan legislators were Chiang Peng-chen, Hsu Jung-shu, Chang Chun-hsiung and Fei Hsi-ping.

NONPOLITICAL CONTACTS EXPLORED WITH COMMUNIST COUNTRIES

HK230353 Hong Kong SOUTH CHINA MORNING POST in English 23 Jun 86 p 14

[By Terry Cheng]

[Text] Fresh from the experience of "direct talks" with Beijing over the China Airlines incident, Taipei is further exploring non-political contacts with communist countries. This may bring about many contacts between Taiwan and the mainland, and at the same time re-establish the regime's status in the international arena.

In a new move, the Taiwan Government has in principle agreed that the match between its national basketball team and its Soviet counterpart in Moscow will be televised to the island's audience. This will be a departure from a years-old rule that bans telecasting of matches with communist countries. Government spokesman Dr Chang King-yuh said last week the issue is now under study by the Government Information Office and other government units.

"In principle, it is hoped that based on an open attitude the case can be treated as an individual one," he said. Taipei has banned the telecasting of matches involving communist countries in the current soccer World Cup based on an old rule.

Lately, Taiwan has displayed greater flexibility in its relations with communist countries. Besides sending its national women's basketball team to Moscow for the 10th World Women's Basketball Championships in August, another team will leave for Prague for a tennis tournament next month.

The reasons given by the government are that sports should be separate from politics and the approval does not run counter to the basic national policies.

Indications are that Taiwan is increasingly applying the "apolitical" principle on its contacts with the communist countries. Earlier this month, the Taiwan team met the mainland team in the basketball tournament in Kuala Lumpur. The Taiwan Government said this did not violate its policy towards Beijing.

The FREE CHINA JOURNAL published by Dr Chang, who is director-general of the Government Information Office, said the approval of sending sport teams to communist countries has the support of Taiwan people. It quoted a poll by Taiwan's UNITED DAILY NEWS that 83 per cent of the interviewees in Taipei endorsed the decision. The journal further defended the decision, saying Taipei is always strongly opposed to and protests against polluting the international sports scene with politics.

"Whatever the reasons, it is wrong and unfair to deprive athletes from any nation of the right to participate in international sports."

Observers are interested to see to what extent the principle of "sports separate from politics" will be applied in other fields. Academic events are naturally one other arena where the principle could be applied. But will it be applied to, say, family reunions between relatives on the mainland and Taiwan? And will it be applied to international organisations, such as the Asian Development Bank, which is involved more in the economy than politics?

Taipei's face-to-face talks with Beijing over the return of the China Airlines jumbo cargo plane and its crewmen last month has some bearing on the government's display of greater flexibility.

The FREE CHINA JOURNAL said drawing on the experience on the talks, "we believe that only by striking back against Beijing's invisible war, will the Republic of China win support from and stand upright in the world community." It said: "Given our current social, economic and political progress, we are confident in facing any challenges from Communist China."

"All the people-to-people exchanges ... should be encouraged. Only through such contacts can it be shown that the ROC's [Republic of China] system and experience are the only roads to develop a better tomorrow for the one billion Chinese people."

CHIANG WEI-KUO DISCUSSES IMPORTANCE OF COMMUNICATING WELL

HK231340 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1230 GMT 23 Jun 86

[Report: "Chiang Wei-kuo Stresses the Need To Pay Serious Attention to Agreement on Major Issues While Tolerating Minor Differences in Communication" -- ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 23 Jun (ZHONGGUO TONGXUN SHE) -- According to Taipei sources, on a public occasion, Mr Chiang Wei-kuo, the newly appointed secretary general of Taiwan's "Security Council," suggested that in the face of disputes and conflicts, an organization or an individual should seek common understanding in terms of general principles and general directions, while displaying mutual respect and tolerating "minor differences" over minor issues and issues that would not produce adverse effects on public interests.

He stressed: This coexistence of "major agreement and minor differences" is one of the spiritual goals of the Chinese culture, which is centered on the principle of the golden mean.

According to the CHINA TIMES, Chiang Wei-kuo said the above when he elaborated on the relations between an individual and the community at a meeting of an organization. This was his first public speech since he assumed his new office.

Quoting the song "Your Me and My You," Chiang Wei-kuo suggested that people should be broadminded enough to be able to "see part of others in themselves and part of themselves in others" and that this spiritual goal of "merging oneself with others" was the essence of the Chinese culture.

Commenting on the issue of "communication," Chiang Wei-kuo, using people speaking different languages as an example, stressed that at a gathering of many people speaking different languages, one should speak the common language, not one's own dialect, and that only by doing this can one communicate efficiently. He maintained that the communication barriers between people are mainly a result of their different attitudes and of different ways they look at things. Thus, he emphatically pointed out that if people always readily accept new concepts and new knowledge, realize that "there is part of themselves in others and part of others in themselves," and respect one another, there will not be any communication barriers.

NATIONAL ASSEMBLY ADVOCATES INCREASED TRADE WITH W. EUROPE

OW230343 Taipei CNA in English 0235 GMT 23 Jun 86

[Text] Taipei, June 22 (CNA) -- The Constitutional Research Council of the National Assembly urged the government Sunday [to] be more active in seeking better mutual relations between this country and West European countries.

In its research report on this topic, the council pointed out that the total population, area, and national gross product of the 12 European Community countries are much higher than that of either Japan or the United States, and that their foreign trade volume is three times larger than that of the United States and six times higher than Japan's, occupying almost 40 percent of the global business. But only 10 percent [of] this nation's business and trade pie is devoted to European nations.

The conditions for upgrading these relations are favorable to the ROC since this country has established 22 trade and commercial offices in these countries in recent years, and in return, 11 European countries have also set up their counterpart offices and 13 European banks are operating branches here, the report stated.

In order to upgrade the nation's relations with West European countries, the council urged the government to take active measures in two general areas:

-- In the political arena, set up a unifying organization authorized to handle certain levels of European affairs; do more research work on European countries; and increase contact with parties and organizations in Europe.

-- In technology, increase contact with important leaders and parliamentarians of European countries; strengthen the functions of Overseas Chinese organizations; invite European journalists to visit the ROC; encourage private Chinese groups to pay visits to European countries; and research European military technological knowhow and induce European nations to transfer it to the ROC.

PRC INCREASES GOLD PRODUCTION, EXPORTS FOR FOREIGN EXCHANGE

HK200527 Hong Kong SOUTH CHINA MORNING POST in English 20 Jun 86 BUSINESS POST p 1

[By BUSINESS POST Editor John Mulcahy]

[Excerpt] In an effort to shore up dwindling foreign exchange reserves, China has stepped up gold production and sales, exporting more than 1.8 tons to Hong Kong in March alone, compared with minute quantities before that.

Details of China's gold mining output are sketchy, but Mr Victor Lam, managing director of Shearson Lehman Brothers Bullion (Asia), said in London yesterday China's future output and exports are likely to be much higher than expected.

Addressing the FINANCIAL TIMES "World Gold in 1986" conference, Mr Lam estimated China's gold reserves at 400 tons by the end of last year. On production, Mr Lam said China's private enterprise mines now account for about half the country's total production, and "the government has raised the internal purchase price several times as an incentive."

Speaking on "the view from Hong Kong and Southeast Asia," Mr Lam said China sold gold jewelry valued at about 1.4 billion yuan (about HK\$3.41 billion) on the domestic market last year, an increase of more than 300 percent over 1984.

"In Shanghai, the main centre, consumers are going for the finer carat gold jewelry, a sign of the more different affluent times," he said.

PRC TRANSPORT CHANGES EASE INVESTORS' OPPORTUNITIES

HK210442 Hong Kong HONG KONG STANDARD in English 21 Jun 86 BUSINESS STANDARD p 1

[By Eva To]

[Text] China's huge spending plan to upgrade its transport facilities in the next five years has opened the way to massive new business opportunities for Hong Kong and other foreign investors. China recently resolved to spend about US\$10 billion upgrading its railway system, as well as US\$3 billion (RMB [renminbi] 10 billion) on ports and place orders for at least 300 new aircraft in the next five years.

The size of such investments is very significant, given Beijing's recent policy of holding back infrastructural spending for fear of a renewed unco-ordinated over-expansion of the country's economy. With the massive volume of transshipment of goods to China through Hong Kong, local transport and freight forwarding companies are expected to benefit greatly by its upgrading move of China's transportation network, China analysts said.

Since the opening up of China in 1979, a mushrooming volume of consumer goods, in addition to cargo supplies related to China's infrastructural and industrial development, have been transhipped through Hong Kong. These include the transshipment of supplies for nearby projects like the Daya Bay nuclear power plant, the 1,100 megawatt power station at Tai Ping, a floating glass factory in Shekou, a cement plant in Guangzhou and glass and beer factories in Zhuhai.

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Mr Paul Woodward, managing editor of CHINA TRANSPORT, believes that trading and consultancy companies based in Hong Kong are also likely to have their business volume boosted as a result of such improvements in China's transport infrastructure. However, as Hong Kong does not have any base in infrastructural construction such as the building of new roads, berths, cranes, ports and airports, Mr Woodward feels that Hong Kong will be able to capitalize indirectly from such developments on the trade front.

Other than Hong Kong companies, foreign investors in general are beginning to take on a greater role in these developments, according to Mr Woodward.

Officials of China's Ministry of Communications recently indicated that negotiations are currently under way with more than 80 foreign companies just on port schemes alone. The Japanese port of Kobe and the World Bank, for example, are heavily involved in a project at Tianjin which is worth some US\$250 million.

Railways, described to be "arteries of the national economy" by Chinese officials and which carry some 70 percent of all goods [that] travel in China, have been given high priority in the infrastructural scheme. Electrification of the lines and of the rail offices are among the priority area of development. Computers are being introduced at various management levels, as well.

Mr Woodward believes the rapid expansion of China's economy over the past eight years was the major cause of the enormous strains on the country's transport infrastructure. Given China's huge economy, the size of the task makes it hard for China to have its transport system surge ahead in line with its economic development within a short period of time, analysts said. Though putting money into such systems is an important pre-requisite to improve the transport infrastructure, but Mr Woodward said it is extremely important to know how to spend investment available wisely and put brakes on areas of lower priority.

ONE-THIRD FUJIAN JOINT VENTURES SHORT OF FOREIGN EXCHANGE

HK250435 Hong Kong SOUTH CHINA MORNING POST in English 25 Jun 86 BUSINESS POST p 1

[By Olivia Sin]

[Text] About 100 joint ventures in Fujian Province are having problems earning enough foreign exchange to meet their expense and investments, according to a senior provincial official visiting Hong Kong. Mr Gu Ming, Fujian's Foreign Economic Relations and Trade Commissioner, said the problems stemmed from when companies' dependence on imported raw materials and their failure to export finished goods. The 100 problem-cases represent about a third of the joint ventures in Fujian.

Mr Gu said provincial authorities, including officials of the foreign exchange control bureau were taking steps to solve the problems. "Fortunately, their (the ventures) difficulties are not too serious," he said, adding that none of them was the brink of bankruptcy. Among the problem ventures are factories and servicing outlets, including hotels and restaurants.

Analysts said an increasing number of joint ventures in China were suffering shortages of foreign currency either because of a lack of planning or some unforeseen difficulty in working in China.

In Guangdong, it was recently reported that more than half the 139 joint ventures sampled in a survey could not balance their foreign exchange accounts. Recognizing the problem, the State Council announced interim regulations some months ago to ease the ventures' difficulties. They included permission for joint ventures to use their yuan earnings to buy certain Chinese goods and export them to generate hard currency.

Foreign investors in the problem ventures were also allowed to invest their yuan earnings in other foreign-exchange-generating ventures to compensate for their own shortfall. The regulations permitted the sale of finished goods to other state corporations, in exchange for foreign currency, as a substitute for imports.

Mr Gu said the Fujian authorities were making use of the new regulations to help the struggling ventures. "We have already succeeded in easing the difficulties of number of problem ventures."

Mr Gu is a member of a high-level Fujian delegation visiting Hong Kong to lure investment and technology. The delegates will today address a seminar on Fujian's economy organized by the Hong Kong Trade Development Council. During this visit, Fujian also hopes to start talks with foreign investors on 31 projects ranging from machinery-manufacture and light industry to marine culture.

Apart from the currency issue, Mr Gu admitted that foreign investors faced problems of bureaucracy, low efficiency, sourcing supplies and failure to make profits. But the economic reforms under way in China should help to boost efficiency and reduce red tape.

The Fujian authorities believed investors should reap "reasonable profits" to compensate for their investments and the risks encountered in China.

Between 1979 and last year, Fujian signed agreements for the formation of 699 joint ventures -- 200 of them last year alone. Many, however, are for service industries, contrary to the state's wish to channel foreign investment into the manufacturing sector.

The vice-director of Fujian's Foreign Economic Relations and Trade Commission, Mr Zhang Liang, said the province's exports reached US\$409 million last year and imports totalled \$600 million. About 30 percent of imports were consumer goods and electrical appliances, imports of which will be curbed this year.

GUIZHOU IMPROVES EXPORT PERFORMANCE BY 95 PERCENT

HK200616 Hong Kong HONG KONG STANDARD in English 20 Jun 86 BUSINESS STANDARD p 4

[By Eva To]

[Text] One of China's backward provinces, Guizhou, has posted record increase of 95 percent in its exports in a year. According to Vice-Governor Mr Liu Yulin, the province's efforts in developing its economic base in recent years has started paying off.

Mr Liu said the annual growth rate of the province's economy has averaged 8 percent in recent years. And the spectacular export performance will provide the foreign exchange funding needed to push vigorously its general economic development.

Guizhou exported goods worth US\$22.5 million during the first five months of this year.

During a recent interview with reporters from Hong Kong, the province's senior official said that since 1983, a total of US\$22.39 million in foreign investment has been channeled into Guizhou. And the province has imported more than US\$60 million of machinery and facilities needed for production during the same period.

To an extent, Mr Liu said, a huge jump in imports is magnified by the relatively low base of such imports in past years. Because of the foreign exchange accumulated during these years it was possible to import so much in 1985, he said.

As a relatively backward region compared with other provinces -- apart from getting a greater share of the funding pie from Beijing -- Guizhou was allowed to retain a greater percentage of its foreign exchange earnings than other provinces.

"In recent years, we managed to get about RMB [renminbi] 700-800 million of subsidy from Beijing each year," he said. Though specific portions of such funds are meant for well-defined purposes, Mr Liu is convinced these funds already constitute a very vital lifeline for the economic development of Guizhou.

While most provinces can only retain less than 30 percent of their foreign exchange earnings for their own development, Guizhou is one of the very few provinces which get the preferential level of more than 30 percent, said Mr Liu. Though such preferential treatment has played a vital role in boosting Guizhou's economic development in the last few years, the vice-governor believed Guizhou will strengthen its own capacity to generate the badly needed development funds. "We used to get blood supply from the central government, but now we are entering into a stage where we shall start manufacturing our own blood," he said.

On investment from other provinces, governor of Guizhou, Mr Wang Chaowen, said incomplete statistics show that more than RMB 150 million has been introduced into Guizhou through 500 economic and technical projects.

The cooperation projects followed a meeting of key leaders of five provinces and municipalities in the land-locked south-western region in 1984 and 1985. The meeting was encouraged by a directive from Beijing.

On export performance, Mr Wang pointed out that structural changes were taking place in the kind of commodities Guizhou exported. "The proportion of industrial and mineral products exported has risen to 60 percent while exports of agricultural produce has dropped to 40 percent since 1980," he said.

"Among the imports, the proportion of machinery and electronic equipment and scientific apparatuses has registered a gradual increase though the imports of means of production are still predominant," he added. Mr Wang stressed that structural changes in the province's imports and exports were essential to meet the changing need for industrial and agricultural development as well as the technical progress of the province.

Though satisfied with the current progress of foreign investment input, Guizhou does not seem to be very happy with the structure of such investment.

Investors from Hong Kong and Macao form the bulk of foreign investment in Guizhou, followed by Singapore, the United States, Italy and Sweden. Most of the investment is in hotels, buildings and other light and service industries. As a province rich in mineral and hydroelectric resources, Guizhou would like to see more future investments to be channeled into such fields, stressed the officials. Admitting that huge investment and the prolonged wait for returns on it may not be appealing to most potential investors, Mr Liu said the investment offered may be modified when such necessity arises.

As part of a drive to improve its communications with the outside world, Guizhou has joined other southwestern provinces in forming a regional airline joint venture with the country's national airline, Civil Aviation Administration of China. In the joint venture, Guizhou will contribute one 737 jet whereas Sichuan will provide the other two.

Guizhou plans to hold its maiden export promotion drive in Hong Kong in August this year.

PRC EASTERN CITIES FORM ECONOMIC COORDINATION BODY

HK200253 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1411 GMT 18 Jun 86

[Text] Hong Kong, 18 Jun (ZHONGGUO TONGXUN SHE) -- News from Nanjing: Today, commissioners and mayors of 15 prefectures and cities in the western part of the lower reaches of the Chang Jiang met in Nanjing to attend the first meeting of the "Nanjing Regional Economic Coordination Association."

The Nanjing region covers an area from Yangzhou and Zhenjiang in the east to Liuan in the west and from Huizhou in the south to Chuxian in the north, consisting of 15 prefectures and cities with 70 counties and cities under them. Its gross industrial and agricultural output value is about 60 billion yuan and it has an economic capability equal to that of a province. In this region, there are two provincial capitals, Nanjing and Hefei, and two well-known historical and cultural cities Nanjing and Yanzhou. There is also Wuhu, one of the four major cities dealing in rice; Maanshan, a rising iron and steel industrial base; and Huang Shan, a famous scenic spot.

Over the past few years, there has been a certain amount of development of lateral economic relations in this region. Nanjing, Zhenjiang, and Yangzhou have established a Nanjing-Zhenjiang-Yangzhou Economic Cooperation Zone and have thus already carried out cooperation and exchanges related to funds, materials and goods, personnel, technology, and information. They have also jointly carried out economic development in other areas. The seven counties and cities in Chuxian Prefecture have established cooperative relations with the seven districts in Nanjing City. Since Nanjing Port was opened up to the outside world, these relations have been strengthened.

This meeting will discuss matters such as the joint development and exploitation of Nanjing port, the establishment of a regional tourism coordination group, the expansion of cooperation related to materials, goods and technology, and the arrangements for funds. The association will hold a meeting every year, sources said. Jiangxi Province and Jiujiang City attended this meeting as observers.

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